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Canada Prices, Special Committee on
1947/48

SESSION 1947-48

HOUSE OF COMMONS

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SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE [2 reports]

No. 22

THURSDAY, MARCH 11, 1948

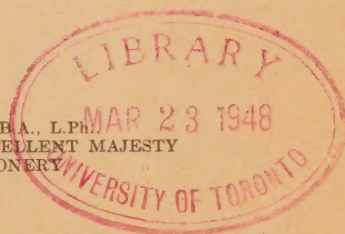
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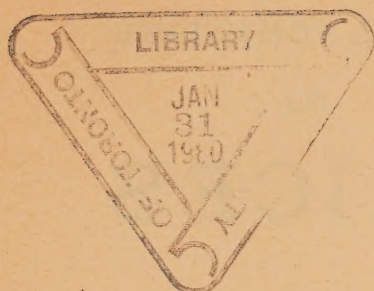
Mr. D. F. Wilson, President, Christie's Bread Limited, Toronto.

Mr. Lloyd I. Stormer, Vice-President and Secretary-Treasurer, Christie's Bread Limited, Toronto.

Mr. Harold B. Manning, Vice-President and Managing Director, Geo. Weston Bread and Cakes, Limited, Toronto.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.P.
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1948





MINUTES OF PROCEEDINGS

THURSDAY, MARCH 11, 1948.

The Special Committee on Prices met at 11.00 a.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Beaudry, Fleming, Harkness, Homuth, Irvine, Johnston, Lesage, MacInnis, Martin, Maybank, Mayhew, McCubbin, Merritt, Pinard, Winters.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

The Chairman read into the record a telegram received from A. J. Saunders, Toronto, under a date of March 9.

Mr. D. F. Wilson, President, and Mr. Lloyd I. Stormer, Vice-President and Secretary-Treasurer, Christie's Bread Limited, Toronto, were recalled and further examined.

Counsel filed,

Exhibit No. 47—Copy of a letter dated February 6, 1948 from Christie's Bread Limited, Toronto, to Charles W. Lownie, Wartime Prices and Trade Board, Toronto, and attached statement entitled "Information based on Christie's White Regular Bread for comparative purposes, November 1947 formula".

At 1.00 p.m. witnesses retired and the Committee adjourned until 4.00 p.m. this day.

AFTERNOON SITTING

The Committee resumed at 4.00 p.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Fleming, Harkness, Irvine, Johnston, Lesage, MacInnis, Martin, Maybank, Mayhew, McCubbin, Merritt, Pinard, Winters.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Mr. Harold B. Manning, Vice-President and Managing Director, Geo. Weston Bread and Cakes, Limited, Toronto, was called, sworn and examined. He filed,

Exhibit No. 48—Consolidated Financial Statement as at December 27, 1947, of Geo. Weston Bread and Cakes, Limited. (*Printed in appendix to this day's proceedings*).

Exhibit No. 49—General statement on Geo. Weston Bread and Cakes, Ltd., prepared for information of the Committee.

At 5.15 p.m., due to a division taking place in the House, the Committee took recess for twenty minutes.

At 5.45 p.m., witness retired, and the Committee continued to sit in Executive Session, its public sittings to be resumed on Friday, March 12, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

MARCH 11, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Chairman, Hon. Paul Martin, presided.

The CHAIRMAN: Order. Gentlemen, I have a wire here. I suppose in view of the kind of evidence we have allowed we might take this as evidence; anyway I would like to bring it to the attention of the committee and then perhaps the wire might be referred to counsel for action to be taken and advice. This wire is addressed to me by Mr. A. J. Saunders:

March 10, 1948, 10.a.m.,
Toronto, Ont.

Paul Martin, Price Committee, Ottawa.

I contradict Mr. Loftus statement of March ninth they refused to serve me bread to sell at lower price.

A. J. Saunders,
861 Dundas Street East.

Is that disposition of the wire satisfactory?

Mr. MACINNIS: We have had the names of certain other retailers in Toronto, I think, during the investigation who had at least some trouble in getting supplies. I think not only might Mr. Saunders be brought here but these others as well. I had that understanding, that we intended to look into that.

Mr. JOHNSTON: I thought it was agreed to by the committee that it would be gone into.

The CHAIRMAN: What about that, Mr. Dyde?

Mr. DYDE: I think that is right; inquiries are being made.

The CHAIRMAN: I understand that you have been in touch with a Mr. Lucatch, or some name of that kind.

Mr. DYDE: Yes.

Mr. IRVINE: May I ask if that wire you have just read is evidence or would we have to have him brought here?

The CHAIRMAN: I am asking counsel to look into it and advise us. The wire refers to evidence already given. Mr. Dyde should check up on the wire and advise us as to what to do. It just came to my attention now.

Mr. JOHNSTON: The wire does not indicate whether he is being discriminated against or not.

The CHAIRMAN: No, he says—refused to sell me bread to sell at lower price.

Mr. MACINNIS: Mr. Chairman, before we begin I think we should come to some decision as to order in this committee so that we won't get into the sort of jam we got into last night.

The CHAIRMAN: Yes.

Mr. MACINNIS: I suggest that when one of the committee members is questioning a witness he be not entitled to any further time as long as any other member of the committee wants to ask questions, and may I suggest that that apply to the Chairman, too.

The CHAIRMAN: Yes. I think that is a good suggestion. The Chair I think is in a little different position, but I think that is a rule which is a good rule.

Mr. MACINNIS: I am not sure that the Chairman is in a different position here. This is not a court where the Chairman has any special prerogatives.

The CHAIRMAN: No.

Mr. MACINNIS: The Chairman yesterday on several occasions, I was going to say was butting in to questioning but I will not use that word —

Mr. HOMUTH: Interjected may be what you mean.

The CHAIRMAN: Interjected would be the word.

Mr. MACINNIS: He stopped me when I was questioning and took some time even though I was trying to do the same thing, and then when I tried to continue my questioning I was told that somebody else had the floor. If that comes up again I am going to tell the Chairman that somebody else has the floor.

The CHAIRMAN: The Chair is the one that must observe members, but in so far as humanly possible the Chair tries to be fair. In this particular case Mr. Winters had been trying to get the floor all yesterday afternoon.

Mr. MACINNIS: Trying to?

The CHAIRMAN: Yes, but Mr. Winters would not have been given the floor had Mr. MacInnis been ahead of him. However, the Chair will do its best to be as fair as he has always tried to be.

Mr. MACINNIS: As a matter of fact, I was not going to take Mr. Winters' time. I had one or two questions going along the line of what you were asking.

The CHAIRMAN: I do not think the chair can be accused of being unfair. The Chair tries to be fair to all members of the committee. Sometimes where one particular group has had a lot of questions to ask he has divided the time with another group.

Mr. JOHNSTON: I think generally speaking, Mr. Chairman, that you have been pretty fair. There may have been occasions—

Mr. MAYBANK: There is something in the rule which Mr. MacInnis suggests but you will run into conditions which present difficulty on occasion.

Mr. MACINNIS: And there have been other occasions.

The CHAIRMAN: I hope Mr. MacInnis does not feel that he is being unfairly treated. As I say, I saw Mr. Winters first yesterday because he certainly had given me indication of his intention to ask questions long before Mr. MacInnis.

Proceed, Mr. Dyde.

Mr. DYDE: Mr. Wilson and Mr. Stormer are still on the stand, Mr. Chairman. I have no further questions at the moment.

Daniel F. Wilson, President Christie's Bread Limited, recalled:

Lloyd I. Stormer, Vice-President and Secretary-Treasurer, Christie's Bread Limited, recalled:

The CHAIRMAN: Mr. MacInnis, do you wish to go on?

Mr. MACINNIS: Not now.

The CHAIRMAN: Mr. Mayhew, have you any questions?

Mr. MAYHEW: I would like to ask the witness to explain the sudden jump in profit in October. I know you have been over it but I want to go on from there.

Mr. STORMER: I believe we have explained that. We pointed out that we had a profit of \$14,861. Now, we realize that we had flour that was left over, that is subsidy flour. We also knew that we had shortening, lard, of a similar category—it was necessary to bring in under control various things, they were brought in I believe by the Wartime Prices and Trade Board and we had been allocated so much lard from that and we undertook to break that down because we were anxious to determine just what was our position on bread after bringing lard and flour to the market price.

Mr. MAYHEW: That would still indicate a profit of \$10,739.

Mr. STORMER: That would indicate a loss on bread because I am speaking now of bread only, of \$2,460.

Mr. MAYHEW: Well, then, can you explain this, your figure was \$13,000 in November; your volume was down I think 15,000 but your profit dropped to \$3,000.

Mr. STORMER: We of course had no, or I should say very little reaction from subsidized flour in November so that we come back relatively to the position in which we would have been in October.

Mr. MAYHEW: Well then what made the change in December, you came back again in December up to practically \$10,000?

Mr. STORMER: In December, in the latter part of November we had introduced sliced bread which was introduced on a profitable basis.

Mr. MAYHEW: How much was profit on the sliced bread?

Mr. STORMER: You mean the amount of the profit?

Mr. MAYHEW: Yes, on your sliced bread?

Mr. STORMER: That is indicated on Exhibit No. 4. In November we had 8.32 per cent.

Mr. MAYHEW: Yes, but what does that amount to in dollars? Is that here?

Mr. STORMER: I do not know what it was in dollars but our volume of sales of bread in the month of December—bread is what we are talking about.

Mr. MAYHEW: Yes.

Mr. STORMER: —was 25 per cent of our total bread production.

Mr. MAYHEW: And again have you figured that out in dollars?

Mr. STORMER: It is quite a difficult task where you try to determine the dollar and cent profit on every item of merchandise.

Mr. MAYHEW: Then if we can't get it here we will just have to use our own judgment in connection with those figures.

Mr. STORMER: I might say that in a company like ours there are always various things that enter into the profit from one month to another; in other words, you may have a fairly good profit one month and have a lesser profit another month, or you might have a fair low profit one month and a much better profit the next month. There are so many factors that enter into our total operation, the operation of a business, that it would require volumes to try to explain all the details.

Mr. MAYHEW: Looking at the statement, there is something I do not understand. I think I understand your position in December, that you probably had a good volume of more profitable lines in that month.

Mr. STORMER: That is right.

Mr. MAYHEW: But why did you not, in December, when you saw you had a profit of \$10,000, which was considerably above normal for the year, and I judge even above normal for quite a few years back—why did you not then do one of two things; either increase the quality of your loaf starting early in January or as soon as you knew the results on your December?

Mr. STORMER: We did improve our formula in December, Mr. Mayhew; and again in February.

Mr. MAYHEW: You made two increases, two changes in formula?

Mr. STORMER: We have had three. We had one in September of 1947, one in December of 1947 and one in February of 1948.

Mr. JOHNSTON: From what price to what price?

Mr. MAYHEW: This is in the formula.

Mr. WILSON: This is just the changes in formula.

Mr. JOHNSTON: I thought you asked if there had been an increase in the price and I was wondering when that increase was.

Mr. MAYHEW: No, I asked why he had not done one of two things; either improved the formula, which he said yesterday he had done in February—why he had not done that as soon as he knew the results of the December month. Well then, you go on—

Mr. MAYBANK: What was the other of the two things? The formula was one.

Mr. MAYHEW: I asked him why he did not either improve his quality or lower his price.

Mr. MAYBANK: Yes.

Mr. MAYHEW: Then you come on to January, you had a very substantial profit in January. When did you know about your position in January?

Mr. STORMER: I would say about or around the middle of February.

Mr. MAYHEW: The middle of February?

Mr. STORMER: Somewhere around that but I would not know the exact date.

Mr. MAYHEW: You did not take any steps then to lower your price?

Mr. STORMER: We improved our quality.

Mr. MAYHEW: You improved your quality again?

Mr. STORMER: That is right.

Mr. MAYHEW: Did you think the quality improvement was in the best interests of the public?

Mr. WILSON: Absolutely, because the quality of bread had generally gone to such a low level that as far as we were concerned we were ashamed of the product we were putting out 6 months ago and we still have not got back to pre-war formula, that is not pre-war formula.

Mr. MAYHEW: Can you give the committee the increased cost of the formula as the result of the three changes you said you had made?

Mr. STORMER: We have only indicated the one in February.

Mr. MAYHEW: What about that, where is that?

Mr. STORMER: Exhibit 3.

Mr. MAYHEW: Will you tell the committee what that was?

Mr. STORMER: 1.54 on a thousand loaves.

Mr. MAYBANK: That is for February, you say?

Mr. STORMER: Yes.

Mr. MAYHEW: And those changes amounted to \$1.54 per thousand loaves?

Mr. STORMER: I just want to be straight on your question, please.

Mr. MAYHEW: I thought you had said it was and I was checking to make sure that it was so.

Mr. JOHNSTON: Mr. Chairman, you can't get it here.

The CHAIRMAN: What is that, Mr. Johnston?

Mr. JOHNSTON: We are having difficulty hearing down here.

The CHAIRMAN: Would you speak up a little louder, please?

Mr. MAYBANK: I just wanted to be sure I got the answer you made to Mr. Mayhew. You said the February increase in formula amounted to \$1.54 per thousand loaves?

Mr. STORMER: That is right. We indicated that on the right-hand margin of Exhibit 3. That was our only reason for putting that flour in there because we did not actually know the February results at the time we prepared this statement but we did know what the increased formula would cost us and we have indicated that in Exhibit 3; and, as I was pointing out, the only change we had made there is in the \$1.54 per thousand loaves, and all our other figures are identically the same in that February column.

Mr. MAYHEW: But did you did know about the middle of February that the increase in the formula, that the change in formula which you made in December had been showing itself in the analysis of your January sales.

Mr. STORMER: And then we go a step further in the formula.

Mr. MAYHEW: That gave you a lot of time in which to go a step further.

Mr. STORMER: That is right.

Mr. WILSON: We did not have much time as far as what we were making on a loaf of bread was concerned, sir; if you work it down it amounts to $\frac{1}{16}$ th of a cent a loaf, and we feel that it is basicly unsound that the main item we manufacture is showing a loss and as far as we are concerned we do not intend to allow things to go back to where they were in 1939 when we were paying labour 38 cents an hour in order to make a cheap loaf of bread. We feel that people who are employed by this company should have a reasonable sense of security and they certainly cannot get it if we in the managerial position do not work to that end.

Mr. MAYHEW: I agree with you. What are you paying labour now?

Mr. WILSON: If you will look at Exhibit 5, 1939, the oven men were getting 38 cents an hour, a thing of which we are heartily ashamed, and they are making 83 cents an hour today; the relief men were getting 38 cents an hour and they get 86 cents today. The relief man has to do every operation.

Mr. MAYHEW: How much is that as a percentage increase?

Mr. STORMER: I would say about 125, roughly.

Mr. MAYHEW: So your labour is 125 per cent higher?

Mr. STORMER: We could figure it out exactly for you.

Mr. WINTERS: It will be 117 per cent.

Mr. WILSON: It would be 117 per cent in the first case and 126 per cent in the second.

Mr. MAYHEW: And it would be 126 per cent for the whole operation?

Mr. STORMER: No, we are just now speaking of this bread alone.

Mr. MAYHEW: Would that be the same percentage?

Mr. STORMER: You could take Exhibit 5, and they go right down the sheet, and get the percentages all along the line.

Mr. WINTERS: May I ask you on what basis you figured your percentage of increase, was it on the 38 to 83 or 38 to 86?

Mr. STORMER: 38 to 86.

Mr. WINTERS: I was taking 38 to 83.

Mr. STORMER: You are right, too.

Mr. WINTERS: Yes, we are both right.

Mr. MAYHEW: What does that mean? Does that reflect the same percentage in the cost of your loaf?

Mr. STORMER: That is a rather difficult thing, I mean you have to examine the whole picture.

Mr. WILSON: I would say it would if we had the same volume of business as we were doing in 1939, but we are now doing just about three to four times the volume of business we were doing in 1939 and that is the reason why it does not show up as 126 per cent or 117 per cent, whichever the case is.

Mr. STORMER: That is quite right.

The CHAIRMAN: Any other questions, gentlemen?

Mr. JOHNSTON: Yes, Mr. Chairman, I have one or two, and I want to go back a little further. Mr. Wilson, are you a member of the Ontario Bakers' Association?

Mr. WILSON: Yes, we are.

Mr. JOHNSTON: Were you at that meeting along in September around the 16th at the King Edward Hotel in Toronto?

Mr. WILSON: Yes. I answered that yesterday.

Mr. JOHNSTON: When was the first time that you raised your price? What was the date on which you first raised your prices?

Mr. WILSON: September 18, I believe it was.

Mr. JOHNSTON: That would be about two or three days after that meeting?

Mr. MAYBANK: No.

The CHAIRMAN: You are referring to January, aren't you?

Mr. JOHNSTON: No, the meeting held in Toronto on the 16th of September.

The CHAIRMAN: That is right.

Mr. JOHNSTON: I think the meeting was on September 16, 1947.

The CHAIRMAN: That is right.

Mr. JOHNSTON: And the witness now says he raised his prices on the 18th. Wasn't that about the time you raised the price to 13 cents?

Mr. WILSON: No, we raised it from 8 cents to 11 cents. We do wholesale only, Mr. Johnston.

Mr. JOHNSTON: What would that reflect in the retail price?

Mr. WILSON: It reflected 13 cents.

Mr. JOHNSTON: 13 cents?

Mr. WILSON: Yes.

Mr. JOHNSTON: Do you recall the statement that was made by Colonel Ruttan with regard to the 13-cent price at that meeting?

Mr. WILSON: I could not be exact on it, but I think he said something about—I do not know—I just could not be exact on it, and I do not think I should say what I am thinking.

Mr. JOHNSTON: Go ahead.

Mr. WILSON: I know, but—

Mr. JOHNSTON: I think it was said by Colonel Ruttan that the suggestion had been made by Mr. Short to Mr. Taylor that the price should be about 13 cents. I believe Colonel Ruttan made that statement at that meeting. I think that is the evidence.

Mr. WILSON: I think that would be reasonably correct.

The CHAIRMAN: Is that the evidence, Mr. Johnston?

Mr. JOHNSTON: I believe so because he read a memorandum which Mr. Short had sent to Mr. Taylor. You will recall the memorandum was tabled here as an exhibit.

Mr. PINARD: Had it been sent by Mr. Short?

Mr. JOHNSTON: I think the first memorandum referred to the conversation between Mr. Short and Mr. Taylor, and then Mr. Taylor sent that memorandum on to Colonel Ruttan, and Colonel Ruttan reiterated that at the meeting.

Mr. FLEMING: That was the second meeting.

The CHAIRMAN: That is my impression.

Mr. JOHNSTON: The same day.

Mr. FLEMING: As I recall the evidence it was that Colonel Ruttan received a call from Mr. Short between meetings in which Mr. Short said that Brown's Bread was going to increase to 13 cents, and then Colonel Ruttan simply conveyed that to the second meeting.

The CHAIRMAN: That is my understanding.

Mr. JOHNSTON: In any event, it was made at the meetings on that day.

Mr. HOMUTH: The first meeting was where they called the names.

The CHAIRMAN: Friendly names.

Mr. WILSON: Was it the first meeting?

Mr. JOHNSTON: Would you think that Mr. Short, being a miller and a baker and also working for the Wartime Prices and Trade Board, was in a position to know what the increase should be, having regard to the increased costs of ingredients?

Mr. WILSON: Mr. Short?

Mr. JOHNSTON: Yes.

Mr. WILSON: No, I do not think he was in a position to know.

Mr. JOHNSTON: You would say that was merely a guess price on his part?

Mr. WILSON: No, I think possibly the price was suggested to Mr. Short.

Mr. JOHNSTON: Who would you think suggested that to him?

Mr. WILSON: I think someone on the Wartime Prices and Trade Board because that was also pointed out at that time, and it was also pointed out that Combines were in the background, the big club, in other words.

Mr. JOHNSTON: So that when Mr. Short made the statement that bread would increase by 3 cents, he being a larger baker and interested in the milling industry, too, that would be more or less, as you have described it, the big club which practically set the price at 13 cents?

Mr. WILSON: I think the big club was Combines.

Mr. JOHNSTON: And as a result of that—

Mr. MAYBANK: The Combines Investigation—

Mr. WILSON: Yes, I think that was what was intended as the big club.

Mr. JOHNSTON: And as a result of that the price was set on the market at 13 cents to start with?

Mr. WILSON: At 13 cents, did you say?

Mr. JOHNSTON: Yes.

Mr. WILSON: That would be at the consumer level.

Mr. JOHNSTON: Yes, I am speaking of the consumer level. I am not inferring at all that you dictated any price to the retailers. Would it not follow that the bakers did not have much option, no matter what their financial situation was, that they would sell bread then so that it would retail at 13 cents?

Mr. WILSON: Well, I do not know about option. I think the controls had been removed and there was a bit of confusion at the time, but as somebody else has already said if some of them had had courage enough they might have put the price up where it should have been to begin with.

Mr. JOHNSTON: What would you say that the price should have been?

Mr. WILSON: I felt the price should have been 11½ cents.

Mr. JOHNSTON: That would have been a retail price of what?

Mr. WILSON: That would depend on the retailer, but I presume it would have been 14 cents.

Mr. JOHNSTON: 14 cents?

Mr. WILSON: Yes.

Mr. JOHNSTON: Would you consider the price which was dictated by the board at 13 cents, and then the price at 14 cents, a cent higher, would you consider that increased price as being unjust and unreasonable? I refer to the 1 cent increase.

Mr. WILSON: Positively not, no, sir.

Mr. JOHNSTON: You are basing your opinion on the actual figures from your company?

Mr. WILSON: That is right, sir.

Mr. JOHNSTON: What effect do you think that a lowering of price at this time would have on the smaller bakeries, if any?

Mr. WILSON: That would be a matter of opinion.

Mr. JOHNSTON: I realize it would be a matter of opinion because you would not know their exact financial standing, but what is your opinion on that?

The CHAIRMAN: Mr. Johnston, you say "this time." Do you mean now?

Mr. JOHNSTON: Yes, if the price were lowered now.

Mr. WILSON: I would not know what would happen to the smaller baker.

Mr. JOHNSTON: There was an opinion given here the other day by Mr. Loftus, I believe, to the effect that it would ruin the smaller bakers. Would you agree with that?

Mr. WILSON: Well, I think we are fairly efficient ourselves and it certainly would not do us any good and unless the smaller baker was as efficient he would certainly be in bad shape.

Mr. FLEMING: I have a few questions I should like to ask to round up. Mr. Wilson, we have been told by different witnesses in the bakery business and bread business that it is a very competitive business. What do you say about that?

Mr. WILSON: I say it is, too.

Mr. FLEMING: Does your answer apply to the entire area in which you operate?

Mr. WILSON: Yes, sir.

Mr. FLEMING: It applies in Toronto and in Montreal?

Mr. WILSON: That is right—well, we are not in Montreal long enough to find out how effective our competitors are, but I do know in Toronto they are.

Mr. FLEMING: I was wondering if you would make any further comment on this Montreal situation. You have indicated you have only been there recently. We have been told you have lowered your price within recent days, I think within the last week, by 1 cent a loaf, your price to the retailers. I should like your comment in detail on the reasons for that, and the extent to which competitive conditions are different, if they are, in Montreal from those prevailing in Toronto.

Mr. WILSON: Well, as I explained yesterday when we entered the Montreal market, or prior to going into the Montreal market, we made a survey of the price as near as we could get it, and we also used our past experience in Toronto as a guide, that is, our own particular operation. We found in our own operation that the consuming public was demanding sliced bread in spite of the fact that they were paying 15 cents for it instead of 14, and our sales indicated that, and we thought that after considering everything as far as the survey was concerned, that we would introduce bread in Montreal at 12 cents. That is for both varieties. We presumed that the consumer level would be 14 cents.

Mr. FLEMING: Are you speaking of the unsliced now?

Mr. WILSON: Both, sliced or unsliced.

Mr. FLEMING: You are going to put them both in at the same price?

Mr. WILSON: That is right. Our own past performance showed us what the indication was from the sales standpoint. Last Saturday, for example, in Montreal we sold 9,600 loaves of sliced bread and 1,000 loaves of unsliced bread, and as we grow farther—as far as the consuming public is concerned—they want sliced bread.

Mr. FLEMING: In Montreal?

Mr. WILSON: And in Toronto, and in any place that we operate.

Mr. FLEMING: Will you make it a little clearer and tell me how this is entering into the reduction you made in price in Montreal. You did not make such a reduction in price in Toronto. Perhaps you will tell us how the new price in Montreal compares with the price in Toronto to the retailer, of the unsliced bread?

Mr. WILSON: Unsliced is $11\frac{1}{2}$ in Toronto and 12 in Montreal.

Mr. FLEMING: Even after the reduction it is still 12 in Montreal?

Mr. WILSON: That is right. It is not a reduction as far as the unsliced is concerned. It is probably as far as the sliced is concerned.

Mr. FLEMING: That is one thing I want to clear up. Do I understand that the reduction that was referred to by Mr. Dionne is not a reduction in unsliced bread?

Mr. WILSON: Mr. Dionne could not have been referring to ours because we are not selling Mr. Dionne. At least, we were not yesterday, and I was in touch with Montreal yesterday.

The CHAIRMAN: I think it was Harrison's.

Mr. JOHNSTON: Harrison and Supreme.

Mr. WILSON: I know our name got mixed up in that in the evidence.

Mr. FLEMING: So far as you are concerned your price to the retailer in Montreal, in other words, the wholesale price of unsliced bread, is still higher than in Toronto?

Mr. WILSON: That is right, but we do not expect to sell much unsliced bread. We hope to have just one loaf of bread sliced.

Mr. FLEMING: You have not in the white unsliced bread at any time more than one quality? Is that correct?

Mr. WILSON: That is right.

Mr. FLEMING: You have never had this problem of two qualities of bread in the 24-ounce unsliced loaf?

Mr. WILSON: No, sir.

Mr. FLEMING: Has that had a favourable bearing in your earning position?

Mr. WILSON: When we entered this business in 1939 we decided first on a wholesale only policy. We decided on making or trying to make a loaf of bread

good enough so that the consumer would come to the store and carry the loaf home at a reasonable profit to the retailer, and I think our performance proves that that has been accomplished.

Mr. FLEMING: In other words, it would be a fair deduction from what you have said, and from this exhibit, that because you have not carried two qualities of bread, because you have carried one quality which compares with the first quality of those who carry two qualities, that your earning position has been better than it would have been otherwise when we consider that the differential in price is not taken up by the differential in quality?

Mr. WILSON: Well, you certainly are more efficient from a production standpoint. The least number of varieties you have the more efficient you become.

Mr. FLEMING: I can see the advantages there. Then I have no doubt you have considered in the case of your competitors the effect on their earning position of having, for one reason or another, to carry two qualities with a considerable differential in price, a greater differential in price than is reflected in the differential in cost to them?

Mr. WILSON: Well, as far as our competitors are concerned, as far as a cheap loaf is concerned, we have never had any thought of entering into that market. As far as we are concerned we have got along without it, and we have concentrated on making as good a loaf of bread as we can. We feel we are making it at a reasonable price, and whatever our competition does as far as cheap loaves are concerned is their business and not ours.

Mr. FLEMING: In other words, you have no intention of going into the cheaper loaf field?

Mr. WILSON: No, sir.

Mr. FLEMING: Then as to the matter of the September increase, you spoke about the big club. You are referring now to what I presume you were told under government auspices, are you?

Mr. WILSON: Well, it was published in the press at the time.

Mr. FLEMING: Did you consider that the increase of 3 cents, a retail price of 13 cents, in September last was the final word from the Wartime Prices and Trade Board as to what the price was to be indefinitely? Was there any discussion as to how long that price might be expected to prevail, any suggestion from the board?

Mr. WILSON: No, I do not think so. I presume that ceilings were lifted and controls were supposed to have been lifted also, and I do not think the Wartime Prices and Trade Board had any further intention of doing anything about it unless the price of bread ran sky high. They did tell us very definitely if the price of bread got out of line they would clamp on ceilings again.

Mr. FLEMING: I take it you have had no complaint from the board about this January-February increase?

Mr. WILSON: No, sir.

The CHAIRMAN: Mr. Fleming, perhaps I should not ask you this, but you say there was no complaint from the board. The ceiling was off.

Mr. FLEMING: The ceiling was off, but there was still the provision about a just and reasonable price. I was not going to pursue it further. We have had it in evidence from the chairman of the Wartime Prices and Trade Board he did not consider the increase to 14 cents in January as anything that called for investigation on his part. I think I am finished.

Mr. HOMUTH: The impression would be that the Wartime Prices and Trade Board did not consider 14 cents high.

The CHAIRMAN: Except there is evidence that Mr. Taylor himself gave that after the ceiling went off they had not continued the same intensity of investigation that had proceeded before.

Mr. HOMUTH: He also said in their opinion the price of 14 cents did not necessarily call for any investigation.

The CHAIRMAN: Yes, that is the evidence. He did not think it was an unwarranted price.

Mr. JOHNSTON: May I ask the witness at this point if the Wartime Prices and Trade Board ever sent in auditors before or afterwards to ascertain whether or not you were getting an unjustifiable profit? Did they ever check up with you to see?

Mr. STORMER: We had a visit from Mr. Loomis, was it—

The CHAIRMAN: Mr. who?

Mr. STORMER: Just a second, please—Mr. Lowney—and we wrote him under date of February 6, giving him the information that we had decided on at the time he visited our office.

Mr. JOHNSTON: Was that by request or voluntarily?

Mr. STORMER: Well, he came in to see us.

Mr. JOHNSTON: And asked for the information?

Mr. STORMER: That is right.

Mr. JOHNSTON: You sent it to him?

Mr. STORMER: No, they called for it.

Mr. JOHNSTON: What information was that?

Mr. STORMER: Well, practically the same information that we have given in our evidence here.

Mr. JOHNSTON: Have you a copy of that information which you sent?

Mr. STORMER: Yes, sir.

Mr. JOHNSTON: Can you table it with the committee?

Mr. STORMER: It is the only copy I have but I could have a copy made for you.

The CHAIRMAN: What is this you are referring to?

Mr. STORMER: We had a visit from Mr. Lowney.

The CHAIRMAN: You have said that to Mr. Johnston. This is a letter from whom to whom?

Mr. STORMER: We made up a letter and a statement giving him the information that he desired.

Mr. IRVINE: Might we know who Mr. Lowney is so we will know what we are talking about.

The CHAIRMAN: He told Mr. Johnston he was an official of the Wartime Prices and Trade Board.

Mr. IRVINE: What was he after?

Mr. JOHNSTON: The Wartime Prices and Trade Board apparently made a call upon them to ascertain something in regard to the price. This company then sent the Wartime Prices and Trade Board a letter giving the reason for their price increase, as I take it, and now he is going to table that. Was there any other further correspondence between the company and the Wartime Prices and Trade Board following that statement?

Mr. STORMER: No.

Mr. JOHNSTON: Did they reply to your letter acknowledging receipt of it?

Mr. WILSON: This was just simply an investigator from the Wartime Prices and Trade Board trying to determine whether or not we were refusing to serve any stores that reduced the price of our bread, in other words, if we were stopping service or refusing to sell them.

Mr. JOHNSTON: That had nothing to do with price.

Mr. WILSON: It had nothing to do with price.

Mr. JOHNSTON: I think it should be produced.

The CHAIRMAN: You had better take a look at this. I do not know whether it will be of help to us and we do not want to clutter up the record if it is not going to be of assistance.

Mr. LESAGE: While Mr. Johnston is looking at the letter I have one or two questions. Would you look at Exhibit No. 3, Mr. Wilson?

Mr. WILSON: Exhibit what?

Mr. LESAGE: Exhibit No. 3.

The CHAIRMAN: You mean page 3.

Mr. LESAGE: It is entitled exhibit 3. I understand in the last column under date of February 25, you are referring to your new formula?

Mr. WILSON: That is right.

Mr. LESAGE: In Toronto?

Mr. WILSON: Yes.

Mr. LESAGE: And a loaf of bread unsliced is sold at $11\frac{1}{2}$ cents—that is the wholesale price?

Mr. WILSON: Yes.

Mr. LESAGE: With a price of $11\frac{1}{2}$ cents your profit is 6.91 per cent?

Mr. STORMER: That is before taxes.

Mr. LESAGE: Yes.

Mr. STORMER: Yes.

Mr. LESAGE: I understand from what you said yesterday that your cost in Montreal and in Toronto is the same?

Mr. WILSON: No, we said we presumed it would be the same but we did not know because we have not had enough experience down there to determine it.

Mr. LESAGE: The cost of ingredients is the same in Montreal and in Toronto?

Mr. WILSON: Again I would say I do not know the differential there on account of transportation costs and different other items that might enter into it. We presume it would be relatively the same.

Mr. LESAGE: Why do you sell at 12 cents in Montreal?

Mr. WILSON: We are selling sliced bread.

Mr. LESAGE: At 12 cents?

Mr. WILSON: That is our object, to sell sliced bread and sliced bread only. We sell very little unsliced bread in Montreal.

Mr. LESAGE: You are selling sliced bread in Montreal at a wholesale price of 12 cents is that correct?

Mr. WILSON: That is correct.

Mr. LESAGE: In spite of the fact you are making a profit of 6.91 in selling the same bread in Toronto at $11\frac{1}{2}$ cents? Is that correct?

Mr. WILSON: That is correct.

Mr. LESAGE: What is the reason?

Mr. WILSON: Because we do not expect to be selling unsliced bread in Montreal. We expect, and we know, that the consumer will demand sliced bread; and we know that from our past experience.

Mr. LESAGE: That is the only reason.

Mr. WILSON: It is a good one.

Mr. LESAGE: That is a matter of opinion as far as I am concerned, and I do not think it is a good reason.

Mr. FLEMING: You are not running the business.

Mr. WILSON: We are going by what our consumer tells us to do.

Mr. LESAGE: Yes, and what is the cost of slicing 1 loaf of bread? I am speaking of the cost to you.

Mr. WILSON: It would cost roughly $\frac{1}{2}$ a cent a loaf.

Mr. LESAGE: Can you give us some figures which would prove that it costs you $\frac{1}{2}$ a cent to slice 1 loaf of bread?

Mr. STORMER: Have you got exhibit 4 in front of you?

Mr. LESAGE: Yes, I have it here. To what do you draw my attention in Exhibit 4?

Mr. STORMER: If you will look there, and take the same date, that is February—

Mr. LESAGE: Yes.

Mr. STORMER: —I do not know what this will work out to. There is \$7.78 for package material, for slicing material—that is \$7.78 for a thousand, and over here for unsliced bread it works out to \$5.23 per thousand. Now how that works out on a percentage basis—

Mr. BEAUDRY: What do you call package material?

Mr. STORMER: That is the label.

Mr. WILSON: In this case you have a wrapper already, and then there is another wrapper that goes on to hold the slices together.

Mr. BEAUDRY: Does slicing come under the heading of packaging material? That is the only difference between both tables—that package material item. That comes to $\frac{1}{4}$ of a cent.

Mr. WILSON: Yes, but you have the blades for your machine.

Mr. BEAUDRY: I appreciate that but it is not shown in the cost anywhere? In both tables there is but the one difference under the heading of packaging materials, and that difference comes to roughly $\frac{1}{4}$ of a cent.

Mr. STORMER: That is right. I had not worked it out but I know generally that it runs to $\frac{1}{2}$ a cent.

Mr. BEAUDRY: It runs to $\frac{1}{4}$ of a cent.

Mr. STORMER: Yes, but you still have to add the cost of blades. You know that you do not get them for nothing.

Mr. BEAUDRY: I know that, but it is not shown any place. Do you mean the cost of the blades should be added to the cost already computed?

Mr. LESAGE: The cost of blades would be practically nothing, if we compared it to the amount of bread that you sliced.

Mr. WILSON: Well, it is an item that runs to two or three hundred dollars a month.

Mr. LESAGE: Two or three hundred dollars a month?

Mr. WILSON: Yes, you have got to sharpen them you know. We send them out to be sharpened.

Mr. PINARD: Does that expense appear anywhere else?

Mr. BEAUDRY: It would appear as maintenance perhaps?

Mr. WILSON: You break down the proportion—

Mr. STORMER: In the breakdown of bread we cannot itemize all of these various little things that enter into the manufacture of every individual product.

Mr. BEAUDRY: Let me ask you this question?

Mr. LESAGE: The cost of your blades—

Mr. STORMER: Well, it just does not show up in this particular statement.

Mr. BEAUDRY: On what you list as Exhibit 4?

Mr. STORMER: It is averaged over the whole thing.

Mr. BEAUDRY: When we arrive at a total cost of \$5.67 per thousand does that include the cost of blades?

Mr. STORMER: I beg pardon, sir?

Mr. BEAUDRY: On exhibit No. 4, for February 25, you arrive at a total manufacturing expense of \$85.67.

Mr. STORMER: That is right.

Mr. BEAUDRY: For sliced bread, and does that include—

Mr. STORMER: I would say so.

Mr. BEAUDRY: Therefore the only substantial difference we can find is the difference between \$7.78 for packaging materials and \$5.23, a difference of \$2.51 a thousand, or $\frac{1}{4}$ of a cent for a loaf?

Mr. STORMER: That is right.

Mr. BEAUDRY: Do you not think you should correct the statement and say it is $\frac{1}{4}$ of a cent and not $\frac{1}{2}$ a cent?

Mr. WILSON: We said roughly $\frac{1}{2}$ a cent but we had not figured it out.

Mr. BEAUDRY: Can we correct it and say roughly $\frac{1}{4}$?

Mr. STORMER: No.

Mr. BEAUDRY: Then what is the value of the exhibits?

Mr. STORMER: Certain things we have had to add in our production costs.

Mr. BEAUDRY: Are they averaged on Exhibit 4?

Mr. STORMER: Evidently, the way it shows up here, the difference between the total manufacturing expense and the difference in the packaging material is identical.

Mr. BEAUDRY: In other words we are still rotating around, or gravitating towards, $\frac{1}{4}$ of a cent difference instead of $\frac{1}{2}$?

Mr. STORMER: That is right.

Mr. BEAUDRY: And that difference of $\frac{1}{4}$ of a cent in cost justifies an increase to the retailer of $\frac{1}{2}$ a cent in Toronto?

Mr. BEAUDRY: In Toronto and in Montreal.

Mr. LESAGE: No, in Toronto it is the same price.

Mr. BEAUDRY: Is that correct?

Mr. STORMER: I did not get that last question?

Mr. BEAUDRY: I say the difference in cost to you of $\frac{1}{4}$ of a cent seems to justify a difference in the retail price or the price to the retailer of $\frac{1}{2}$ a cent in the case of Toronto?

Mr. WILSON: I would think so.

Mr. LESAGE: And the price to the consumer for sliced bread has been 15 cents all through since November, which means that in November people were paying 2 cents more for having sliced bread, which as a matter of fact, costs you only $\frac{1}{4}$ of a cent more and not a cent more to the retailer?

Mr. WILSON: If you want to go into that we will have to go back to November's figures. You are trying to create the impression that the cost today is the same as it was in November.

Mr. LESAGE: I do not say that, but I said at that time, as a matter of fact, you were selling sliced bread at a price which was 2 cents higher than unsliced bread when the real cost to you was only $\frac{1}{4}$ of a cent more?

Mr. STORMER: I think the difference is that in November we were losing money on the unsliced bread and we were making some profit on the sliced bread.

Mr. LESAGE: You were losing .18 cents.

Mr. STORMER: .16 per cent.

Mr. LESAGE: Yes, and in this cost was included the cost of your blades?

Mr. MAYBANK: The cost of what?

The CHAIRMAN: The cost of the blades.

Mr. LESAGE: Sharpening the blades; this two or three hundred dollars a month that you were talking about which is included in these figures for unsliced bread.

Mr. STORMER: It is pro rated, yes

Mr. BEAUDRY: If we go back to the November figures there is still only a difference in cost of slightly less than $\frac{1}{3}$ of a cent.

Mr. STORMER: That is right.

Mr. IRVINE: If you keep on you will have them worn out and the profit will soon be down to nothing.

Mr. WILSON: Yes, we will be giving bread away soon.

Mr. LESAGE: You are not giving away sliced bread at 15 cents, there is no doubt about that, and the company has been making quite a substantial profit.

Mr. HOMUTH: But the people want sliced bread do they not?

Mr. WILSON: Very definitely, yes.

Mr. LESAGE: It should be sold at a reasonable price.

Mr. HOMUTH: Well ask the Wartime Prices and Trade Board about that.

Mr. LESAGE: We may have to do that.

Mr. FLEMING: That is the law is it not? Let the law be enforced by the government.

The CHAIRMAN: Let us not make any comments. Mr. Johnston is next.

Mr. JOHNSTON: I want to come back again for a few moments to the letter dated February 6. I want to refer to that letter.

Mr. MAYBANK: Just before Mr. Johnston asks about that, would he permit just one question on the subject of sliced bread?

Mr. JOHNSTON: Yes, go ahead.

Mr. MAYBANK: I was wondering about this, whether the slicing of bread has any effect on your operation, any slow-down, or anything of that sort?

Mr. WILSON: Not the way we have it set up.

Mr. MAYBANK: In spite of the fact that you slice bread, you can still produce just as much, and there is no time consumed at all?

Mr. WILSON: No, except—

Mr. MAYBANK: I see.

Mr. WILSON: —possibly for a few more re-wraps.

Mr. MAYBANK: The slicing of bread does not slow down and does not, for example, increase the labour costs at all?

Mr. HOMUTH: Oh now, wait a minute.

Mr. MAYBANK: By reason of slowing down, and of course we know there is some cost in every operation.

Mr. WILSON: It may slow down a little bit.

Mr. MAYBANK: But not appreciably.

Mr. WILSON: We do not appreciate it, with the exception of the re-wraps and sometimes we run into quite a little grief on re-wraps. We have to put it back through the wrapper again.

Mr. MAYBANK: Though I understand from the way you were speaking that would be rather uncommon.

Mr. WILSON: It is common to the type of paper that we are compelled to use at the present time. That is the reason for it. We have to use this paper and the paper sticks. It does not properly wrap and we have to put it back through the wrapper again.

Mr. MAYBANK: From the way you had been speaking at first I should have thought that was rather uncommon, but you say it is not uncommon.

Mr. WILSON: No, sir, that is a common occurrence in so far as our wrapping costs are concerned.

Mr. MAYBANK: It does not go so far as to slow down the production to any appreciable extent.

Mr. WILSON: To the point of the wrapper, no.

Mr. JOHNSTON: Mr. Chairman, this is not a very long letter and probably I should read it, as I am going to make reference to it.

The CHAIRMAN: If you think the committee ought to know what is in it—

Mr. JOHNSTON: I can just read it if you like.

The CHAIRMAN: All right.

Mr. JOHNSTON: The letter is dated February 6, 1948, and reads as follows:

Mr. Charles W. Lownie,
Wartime Prices and Trade Board,
330 Bay Street,
Toronto, Ontario.

Dear Mr. Lownie:

Following your personal visit to this office yesterday we have prepared, in the manner agreed upon at the time of your visit, information relative to producing and selling 1,000 units, or loaves, of our Christie's white regular bread for the periods of August 1945, August 1946, August 1947, and November, 1947.

As explained to you over the telephone, we have used the same formula for the previous periods as we are now using, and which we used in November 1947. As explained to you yesterday, there were occasions during the past when it was necessary for us to use various substitutes in relation to sweetening and also shortening. We feel that the method we have used gives us a true relative comparison which we believe is what you are after.

Also explained to you over the telephone, we have shown the cost of selling and administration percentage-wise. As we further explained to you, these percentages are influenced by the ratio of bread to other bread products such as, rolls, sweet buns, etc. It has the effect of showing a lower percentage in the manner in which we have used it than if the selling and administration costs were applied to bread units only.

At the time you left yesterday you asked for a reason as to why the price of bread was recently raised. We believe that a study of the attached analysis will furnish the information desired.

Yours very truly,

CHRISTIE'S BREAD, LIMITED,

Vice-President.

EXHIBIT 47.

Information Based on Christie's White Regular Bread for Comparative Purposes,
November 1947 Formula

(Used for previous periods, using prices at period shown)

All Production Costs based on 1,000 Units or Loaves				
	Nov. 1947	Aug. 1947	Aug. 1946	Aug. 1945
Raw materials	\$62.73	\$41.91	\$37.76	\$35.82
Direct labour	7.36	7.32	6.59	6.26
Warehouse sundry R. & R., P. L. & H.	4.49	4.56	4.66	4.14
Supervision .....	.29	.29	.26	.25
Package material	4.83	4.74	4.20	3.94
Overhead expense	2.01	2.00	1.80	1.17
Shipping expense	1.40	1.02	.99	.94
Total production cost per 1,000 units	\$83.11	\$61.84	\$56.26	\$53.06
Wholesale value per 1,000 units	105.00	80.00	80.00	80.00
Profits per 1,000 units ...	\$21.89 20.85%	\$18.16 22.70%	\$23.74 29.68%	\$26.94 33.68%
Cost of selling and admin- istration	20.95%	25.01%	25.98%	25.33%
PROFIT OR LOSS .....	.10 L	2.31 L	3.70	8.35

EXHIBIT 47—Above letter and statement:

Now I want to refer to the first paragraph which I read and which says: "Following your personal visit to this office yesterday we have prepared, in the manner agreed upon at the time of your visit, information relative to producing and selling 1,000 units." Would you tell me what was the purpose of the Wartime Prices and Trade Board ascertaining that information from you?

Mr. STORMER: I do not know. We did not ask that. You will note that it states about a telephone call. I called back to make sure this man was from the Wartime Prices and Trade Board.

Mr. JOHNSTON: Was he?

Mr. STORMER: He was.

Mr. JOHNSTON: And he was asking for definite information in regard to cost, information relative to the cost of producing and selling 1,000 loaves of bread.

Mr. STORMER: I would say this, that when he came in he had nothing definite in his mind. He said "I would like some information," and we sat down together. I made certain suggestions, and he made certain suggestions, and we arrived at what he thought would be satisfactory to him.

Mr. JOHNSTON: What type of information was it? Was it with regard to costs?

Mr. STORMER: Yes.

Mr. JOHNSTON: Definitely in regard to costs?

Mr. STORMER: Yes.

Mr. JOHNSTON: So he was ascertaining information from you as to the relative costs?

Mr. STORMER: Yes.

Mr. JOHNSTON: All right then, in the last paragraph—"At the time you left yesterday you asked for a reason as to why the price of bread was recently increased."

Mr. STORMER: That is right.

Mr. JOHNSTON: And you did give him that information?

Mr. STORMER: That is right.

Mr. JOHNSTON: And you go on and state "We believe that a study of the attached analysis will furnish the information desired." Did you hear from the Wartime Prices and Trade Board or any of their officials after that?

Mr. STORMER: Not a word.

Mr. JOHNSTON: Relative to this information you sent them?

Mr. STORMER: As a matter of fact there was a gentleman with Mr. Lownie on the day he came in, and when I called him up and told him the information was ready he sent the same gentleman back. I do not remember his name but Mr. Lownie was the man in charge.

Mr. JOHNSTON: This was on February 6, 1948?

Mr. STORMER: Possibly it was a day or two before that, that is the date of my letter.

Mr. JOHNSTON: Yes, we will allow for that. In that analysis you did indicate the price increase?

Mr. STORMER: No, I gave him information as to August 1945, 1946, 1947, and November 1947. He wanted the information in a hurry.

Mr. JOHNSTON: Yes.

Mr. STORMER: So those were the months we decided on. I had had certain information on those particular months so it was possible to come up with these answers more readily than for other months.

Mr. JOHNSTON: That information you gave him then had to do with costs, and also as to your selling price, because I would imagine when you spoke of your costs you must have mentioned what you would have to sell it to the trade for?

Mr. STORMER: No, no. The only thing we would discuss naturally would be our wholesale selling price.

Mr. JOHNSTON: That is what I had reference to. I think the selling price might probably have been—I did not say should have been, Mr. Chairman.

Mr. STORMER: No, that is not—

Mr. JOHNSTON: But what you are saying is that you received no answer from the Wartime Prices and Trade Board?

Mr. STORMER: That is right, so we assumed it was satisfactory.

Mr. JOHNSTON: I was going to ask you if that was not the impression you got and therefore you assumed that the Wartime Prices and Trade Board were satisfied with the analysis which you had sent them.

Mr. STORMER: That is right.

Mr. JOHNSTON: Therefore you thought it was proper and reasonable for you to increase the price to which you suggested, I am referring again to the wholesale price.

Mr. STORMER: Yes.

Mr. JOHNSTON: Prior to the time you sent this information or at the time, you cannot go beyond that of course.

Mr. STORMER: I do not know. I am a little confused there. Are you referring to the increase of price on January 25?

Mr. JOHNSTON: Yes, that would be just before this.

Mr. STORMER: Yes. I still, I am sorry I am a little dense on that but I am awfully sorry I just can't get that clear in my mind.

Mr. WILSON: Would you repeat the question, please.

Mr. JOHNSTON: I am probably not phrasing it in an intelligible way.

Mr. STORMER: We bread people have got a sort of lingo of our own.

Mr. JOHNSTON: On February 5 you replied to the Wartime Prices and Trade Board.

Mr. STORMER: That is right.

Mr. JOHNSTON: As a result of their communication to you?

Mr. STORMER: Yes.

Mr. JOHNSTON: They were ascertaining the costs you were using or proposed to use and also as to the basis of the prices at which you were selling or at which you indicated you were going to sell, right in the immediate future, in February?

Mr. STORMER: There has been no change in our price since that time.

Mr. JOHNSTON: I think we can leave that because I think the information will be forthcoming as a result of my next question; regardless of that the Wartime Prices and Trade Board was satisfied?

Mr. STORMER: That is right.

Mr. LESAGE: Is that through?

Mr. WILSON: We assumed that.

Mr. LESAGE: Maybe this information was for the committee, you don't know.

Mr. JOHNSTON: I don't think that. I can't say, neither can you, because you don't know what the Wartime Prices and Trade Board had in mind.

Mr. FLEMING: Excuse me a moment. That was February 6. This committee was set up on February 10. It was not because of this committee unless somebody was taking a lot for granted.

Mr. JOHNSTON: I think maybe you are right there. The next question I want to ask is this. I am going to read the last sentence of your reply.

We believe a study of the attached analysis will furnish the information desired.

Will you file with this committee a copy of that attached analysis?

Mr. STORMER: We don't object to it, no. But you could probably get it from the Wartime Prices and Trade Board.

Mr. JOHNSTON: If you have it right there it will save us time.

Mr. STORMER: I have just the one copy.

Mr. JOHNSTON: I think counsel could arrange to have copies made from it.

Mr. STORMER: Before I submit this I want to point out as I did in the letter that we have shown our selling costs percentage cost which is somewhat different than we have prepared in the exhibits. In the exhibits we have attempted to follow the cost system all the way through and to apportion selling costs to units of bread and units of various items.

Mr. JOHNSTON: The only difference would be in the method of accounting there, wouldn't it?

Mr. STORMER: I presume so.

Mr. JOHNSTON: I think the committee would understand that all right.

Mr. LESAGE: There is the difference in what you get—

The CHAIRMAN: Mr. Irvine is next.

Mr. LESAGE: It is only on this particular point.

The CHAIRMAN: All right.

Mr. LESAGE: There is a difference in that and what you show in Exhibit 7?

Mr. WILSON: The one is in dollars in the one case and in the other it is percentage.

Mr. IRVINE: I wanted to ask a question, Mr. Chairman, on the information furnished on what I would call page 3 of the exhibit, consolidated income and earned surplus, 1946 and 1947. On this page in your brief, Mr. Wilson, in your statement of consolidated income and earned surplus you show for the year 1946 accelerated depreciation of \$16,200.

The CHAIRMAN: 1946?

Mr. IRVINE: 1946, yes.

The CHAIRMAN: In the brief, yes.

Mr. STORMER: In Exhibit A.

Mr. IRVINE: Exhibit A, the supplementary sheet No. 1.

Mr. WILSON: That is right.

Mr. IRVINE: \$16,200 for the year 1946 and accelerated depreciation of \$41,425—would you explain to the committee what this accelerated depreciation is for?

Mr. STORMER: I have already indicated that our parent company had not requested any dividends from our company since July 1, 1945. We had used all the profits in the operation of our own business. As far as this accelerated depreciation is concerned, this is set up as a separate reserve and naturally it would be taken out of, let us say, the surplus account after dividends were paid. That is what I mean.

Mr. IRVINE: I am not sure that I follow you.

Mr. STORMER: Well, when you set up a reserve like that it is not allowed for income tax purposes, therefore it might be set up—it comes out of surplus. In other words, had we not put that up then our surplus would have been \$41,000 greater. Am I clear?

Mr. IRVINE: That is the very point I am interested in.

Mr. PINARD: Would you allow a question, Mr. Irvine?

Mr. IRVINE: Yes.

Mr. PINARD: I refer to these figures related to depreciation; you have a certain amount, \$121,932.71 for depreciation on buildings. I understood you to say yesterday that your company did not own any buildings. Would you explain that?

Mr. STORMER: We own a garage, sir.

Mr. PINARD: You own a garage?

Mr. STORMER: That is right.

Mr. PINARD: And this garage has a value of \$121,000?

Mr. WILSON: Yes, sir.

Mr. STORMER: Wait a minute, I am sorry. We have a small bakery we bought in Welland last May which is in that figure and it amounts to \$37,500; the other is the garage, and if I remember correctly it cost around \$87,500.

Mr. PINARD: Yesterday, Mr. Stormer, you were asked this question: It was suggested that your company had made a profit of 40 per cent before payment of all taxes; a profit of 40 per cent on invested capital after taxes—I think with all allowances it came out to a profit of around 18 per cent.

The CHAIRMAN: Mr. Pinard, I do not want to be open to the charge of being unfair but I suggest to you that Mr. Irvine started a line of questioning here. Unless he is willing to give way to you—

Mr. PINARD: I asked his permission and it is on that very point. I will be finished with one more general question.

The CHAIRMAN: Right.

Mr. PINARD: So it finally turned out that your real net profit in 1947 would have been 18 per cent?

Mr. STORMER: No. We also add to that the profit which has been retained in the business, roughly \$160,000. In other words, you would have to take the \$160,000 and the \$400,000 and that would give you \$560,000, divided that into \$72,000. It would work out around 14 to 15 per cent roughly. I neglected to point out yesterday that we did not own our own building in which we manufacture, we rent that place and therefore we require less capital than if we owned our business.

Mr. PINARD: Yes, but you did not mention that you did not own any buildings yesterday.

Mr. STORMER: I am sorry, that is a minor detail as far as the cost of operation is concerned.

Mr. PINARD: It is not a minor detail that you allow yourselves depreciation of \$87,000 on that.

Mr. STORMER: Wait a minute, what is that?

Mr. PINARD: Do you allow yourselves a depreciation of \$87,000?

Mr. STORMER: Wait a minute, that is depreciation on machinery and equipment.

Mr. PINARD: Still there must be a proportion allotted to depreciation on buildings only.

Mr. STORMER: 2.5 per cent of whatever the capital assets are in that form.

Mr. PINARD: What would be the proportion for buildings?

Mr. STORMER: 2.5 per cent is our depreciation on buildings and 2.5 per cent on \$121,000 is roughly \$2,500 a year—no, \$3,000 a year, roughly.

Mr. IRVINE: Just to bring this back I want to point out that in this statement to which I have referred, Exhibit A, you have already both in 1946 and 1947 charged what apparently is an ordinary depreciation of \$52,144.44 in 1946 and \$45,775.24 in 1947, and then in addition to that you have an accelerated depreciation of \$16,200 in 1946 and \$41,425 in 1947. Now, this accelerated depreciation is in both years shown as additional to your present depreciation; is that not so?

Mr. STORMER: I believe it is common practice for companies—pardon me.

Mr. WILSON: Is that a question?

Mr. IRVINE: Yes.

Mr. STORMER: I think it is the common practice for companies of our kind to set aside some special reserve of that kind for the increased cost of replacing general assets, especially when those capital assets have been worn out as in the case of most of our machinery and equipment.

Mr. IRVINE: Have you any reserves?

Mr. STORMER: No, I think that is all.

Mr. IRVINE: You have no funds that you call reserve as apart from this depreciation?

Mr. STORMER: No, I do not think so.

Mr. IRVINE: You are not sure about that?

Mr. STORMER: I am quite sure that we do not have anything more than the amount we have shown here.

Mr. IRVINE: So the net profit after taxes and depreciation which you show as a balance to surplus, I presume that means net profit after taxes?

Mr. STORMER: Yes.

Mr. IRVINE: Is \$49,596.45 in 1946 and \$72,467.87 for the year ending January, 1947? Is that so?

Mr. STORMER: Oh, but, there is a competition there: that in the year 1946, as I have pointed out, on the exhibit in front of you, the \$49,000 does not include any other lines whereas the statement ending December 31, 1947 includes the profit from cake and so on from July 1, to December 31, 1947.

Mr. IRVINE: Well, that does not appear here, does it?

Mr. STORMER: What exhibit have you?

Mr. IRVINE: I have Exhibit A.

Mr. STORMER: Did you say Exhibit 8?

Mr. IRVINE: No, Exhibit A.

Mr. STORMER: That is the one I have, yes. I have broken it down.

Mr. IRVINE: I am assuming, of course, that this represents a profit on your entire transactions. I am not trying to separate the sheep from the goats, but bread from the cake and sweet's business. Your net profit after the deductions was approximately, what? Approximately how much was that in percentage higher for 1947 than it is for 1946, your net profit; how much higher was it?

Mr. STORMER: In December, at the end of 1946, we carried \$49,000 surplus account; and in 1947 we carried \$72,000.

Mr. IRVINE: What percentage?

Mr. STORMER: I do not know, sir.

Mr. IRVINE: Could you figure out how much higher it was in 1947—it would be approximately 70 per cent?

Mr. STORMER: It would be just a little less than 50 per cent; but I say, sir, that is not a fair comparison. We were asked to submit our balance sheet and that is what we have done; and I am sorry for the complication of the situation in the last six months of 1947, having entered it. As I say we submitted our financial statements in these two exhibits.

Mr. IRVINE: You say that the percentage would be about 50 per cent, are you sure about that?

Mr. STORMER: It would be around 50 per cent, a little less than 50 per cent. If you want it exactly I will work it out for you.

Mr. IRVINE: I would like to have it worked out exactly.

Mr. STORMER: All right, sir. It would be 49 per cent.

Mr. IRVINE: Your profits then—I want to be sure we are working at the same thing—your profits were 49 per cent higher in 1947 than they were in 1946?

Mr. STORMER: For the bread company, but you understand my explanation, my prior explanation—that is not a relative figure.

Mr. IRVINE: You are working that on bread alone?

Mr. STORMER: In 1946 on bread alone. In 1947 it includes in the last six months of 1947, cake and sweet goods.

Mr. IRVINE: I see, so if your accelerated depreciation were deducted and just the ordinary depreciation shown the net profit would have been \$65,796.45 in 1946 and \$113,892.87 for the year ending December, 1947?

Mr. STORMER: Exactly.

Mr. IRVINE: In other words, your net profit would still be \$49,596.45, or more than 73 per cent higher?

Mr. STORMER: Again, sir, might I point out that the cake profits from July 1, 1947 to December 31, 1947 are included.

Mr. IRVINE: I know that is a complication. Will you tell us what your 1946 and 1947 net profits were after taxes as a percentage to your capital investment, that is your capital stock plus your reserves?

Mr. STORMER: I am using the larger figures. It works out to 20 per cent roughly in 1947.

Mr. IRVINE: Now, I just want to ask you another question or two. You have the capital stock of \$400,000?

Mr. WILSON: Yes.

Mr. IRVINE: Does it not appear to you that a depreciation of \$41,000 in the one case and of \$45,000 in the other—\$45,775 in the one case and \$41,425 in the other—that is how much? What is the total depreciation allowed in 1947?

Mr. STORMER: I find it most difficult to follow you, sir.

Mr. IRVINE: Well, you had depreciation which apparently is a slow kind of depreciation and there is an accelerated depreciation—you have your regular depreciation which amounted to \$52,114.44 in 1946 and \$45,775.24 in 1947; then you have speeded-up depreciation, called accelerated depreciation of \$41,425?

Mr. STORMER: That is right. That is money that we want to retain in the business and use for the future.

Mr. WILSON: That is to pay for equipment.

Mr. IRVINE: That would be around \$87,000?

Mr. STORMER: Yes, if you add the two together.

Mr. IRVINE: Then I want to ask you, do you not think that is a rather large depreciation for a capital investment of \$400,000?

Mr. STORMER: Well, if you will look at Exhibit A, the main exhibit, you will see that we had an invested capital of \$848,000, not just the initial investment of \$400,000 itself. What we have done sir is, as we have said before, we plowed our profits back into the business. We have put the cash that comes from depreciating the assets back into the business and have greatly increased our capital employed in the business, that is equipment capital—capital equipment used in the business—that is the way in which we have built up that \$848,000.

Mr. IRVINE: By whatever name you call it, you have in this year 1947 an item of \$41,425 accelerated depreciation and you have net earnings of \$113,892.87 for net earnings, with \$45,775 for ordinary depreciation. Do you not think that with such margins you could have staggered along with a loaf that would have sold for 13 cents?

Mr. WILSON: We again get back to the point that as far as that accelerated surplus is concerned it is put aside for the definite purpose of replacement. If you will turn to exhibit 6 it will give you a little idea of what those replacements are going to cost.

Mr. FLEMING: Would Mr. Irvine permit one question?

Mr. IRVINE: I am just about finished.

Mr. FLEMING: It is on the question of depreciation. Has your basis of setting up your depreciation and accelerated depreciation been approved by the Income Tax Department?

Mr. STORMER: This accelerated depreciation we speak of here is not used for income tax purposes. In other words, the stockholders have agreed that we take this \$41,000 out of our profits and set it aside for investment in the business. As a matter of fact, all of our profits go back in the business.

Mr. IRVINE: Your profit would have been \$113,000 otherwise?

Mr. STORMER: Yes, sure, that is right.

Mr. FLEMING: So much for the item of accelerated depreciation, but on the the other item of depreciation has the basis of computation of that item been approved by the Income Tax Department?

Mr. STORMER: That is absolutely right. That is what we may call regular depreciation that any company would use for any asset which is not completely depreciated. We run 24 hours a day. We qualify for 15 per cent depreciation on our machinery and equipment.

Mr. MAYHEW: What about trucks and cars?

Mr. STORMER: That is 25 per cent the first year and 25 per cent the second year until you have—

Mr. IRVINE: Of course, I want to say I appreciate that they ought to have some depreciation but my suggestion is it is too high.

Mr. WILSON: It is not too high in view of what we are going to be faced with in order to make these replacements. You will notice the original equipment cost us \$270,000, and all of it has to be replaced. It has got to be replaced.

Mr. IRVINE: In how many years?

Mr. WILSON: We have been working that equipment for 24 hours a day for about five years, which is equivalent to 15 or 18 years normal wear. Normal wear is a single shift where you have time to take care of your equipment. Our trucks are anywhere from 1938 to 1941. They all have to be replaced.

Mr. IRVINE: They are worth more now than they were when you bought them?

Mr. WILSON: You would not think so with what we had to pay for some of the ones we got in Montreal.

Mr. BEAUDRY: You stated earlier that the consumer demand tended to sliced bread rather than unsliced bread?

Mr. WILSON: Yes, sir.

Mr. BEAUDRY: I am referring to page 9 of your exhibit. The figures there for February do not seem to bear that out unless sandwich loaves come under a different category.

Mr. WILSON: That is another loaf of bread, but you are now referring to the fact the volume dropped off in February?

Mr. BEAUDRY: Yes.

Mr. WILSON: Did you hear of the power shortage? You cannot bake bread when your plant is shut down.

Mr. BEAUDRY: I am comparing your figures between unsliced and sliced which in February, including sandwich loaves, showed a higher production for unsliced than for sliced.

Mr. WILSON: You are including sandwich bread in that?

Mr. BEAUDRY: Yes.

Mr. WILSON: We have not introduced sandwich bread in the sliced, but you will also notice as far as our sandwich bread is concerned it is unsliced and it has shown a rapid decrease in volume, which is due to the sliced bread. It is going into the sliced although it is a different type of loaf.

Mr. BEAUDRY: Therefore you are fairly definite there is a consumer trend towards sliced bread?

Mr. WILSON: That is right.

Mr. BEAUDRY: Is it an accepted fact in the trade that it is easier to sell, and from a sales angle cheaper to sell, what is more in demand than what is less in demand?

Mr. WILSON: Will you repeat that one again?

Mr. BEAUDRY: Is it an accepted fact in the trade, generally speaking, that it is easier from a sales cost point of view, and therefore cheaper, to sell what is more in demand than what is less in demand?

Mr. WILSON: Not in the bread business.

Mr. BEAUDRY: Not in the bread business?

Mr. WILSON: No.

Mr. BEAUDRY: You are very definite that in the bread business it is not cheaper?

Mr. WILSON: Not in the bread business. Things are different.

Mr. BEAUDRY: Should it not be cheaper to sell what the public wants than what it wants in a lesser quantity or to a lesser extent?

Mr. WILSON: Not necessarily so. If there are economies coming in through raw materials and the reduction of prices and so on of our raw materials, maybe yes, but from a strict selling standpoint, no.

Mr. BEAUDRY: I want to refer to your Exhibits 3 and 4.

Mr. WILSON: What exhibit was that?

Mr. BEAUDRY: Exhibits 3 and 4. Would you explain why, when your trade delivery costs per thousand loaves are similar in the case of sliced and unsliced bread, the item selling salary and expense is higher in the case of sliced than in the case of unsliced bread?

Mr. WILSON: That is right.

Mr. BEAUDRY: Can you explain to me why, please?

Mr. WILSON: That is because of the difference in the price.

Mr. STORMER: What was the question again, please?

Mr. BEAUDRY: Why is the item, selling salary and expense higher in the case of sliced bread than unsliced bread?

Mr. STORMER: I think you said trade delivery—

Mr. BEAUDRY: I said the trade delivery figures are similar but selling salary and expense is higher in the case of sliced bread than unsliced. Would you explain to me why, please?

Mr. WILSON: Because there is a difference in price. One is $11\frac{1}{2}$ cents and the other is 12 cents, so you are paying commission on 12 cents instead of paying it on $11\frac{1}{2}$ cents.

Mr. BEAUDRY: Your commission is different?

Mr. WILSON: Yes.

Mr. BEAUDRY: But I notice in the case of trade delivery there is no variation. Is it because you pay no commission on trade delivery?

Mr. STORMER: What we mean by trade delivery is the cost of operating our trucks and any freight, containers, and so on. There would be no difference in cost there.

Mr. BEAUDRY: It does not refer to your delivery to the trade?

Mr. STORMER: No, only the operation of the truck. The salary of salesmen selling is a separate matter. This is the cost of operating the trucks, any freight, containers, or anything like that. There would be no difference in the weight or in the size.

Mr. BEAUDRY: Is it the same reason for the difference in your trade discount of 1·88 for sliced bread and 1·81 for unsliced bread?

Mr. WILSON: What is that?

Mr. BEAUDRY: Is it the same reason for the difference of $\frac{1}{2}$ a cent in the selling price?

Mr. WILSON: That depends entirely on the volume of business done by the customers who are getting the 5 per cent. It depends on the amount that they sell.

Mr. BEAUDRY: And the difference for February is justified by the fact that you sold—I am referring to one week which may be unfair; you will let me know if it is—203,000 loaves in the week of the 28th of sliced bread as against 168,000 of unsliced.

Mr. STORMER: Are you referring to trade discount now?

Mr. BEAUDRY: I am asking if that 5 per cent trade discount which works out to a difference of—

Mr. STORMER: I think we have a little complicated problem there.

Mr. BEAUDRY: I do not want to complicate it. It may have no relevance.

Mr. STORMER: It really has not.

Mr. BEAUDRY: Is it the same reason that justifies the difference in the item, advertising, rent, taxes and management, quoted as 3.69 for sliced bread?

Mr. STORMER: The increase in trade discount per thousand loaves would be relatively the same as what causes the increase in the salesmen's salaries.

Mr. BEAUDRY: Would that also apply to the item, advertising, rent, taxes and management?

Mr. WILSON: The item of advertising, rent, taxes and management is bearing its portion of the expense. It is being spread over different varieties.

Mr. BEAUDRY: Are you dividing your rent and your taxes and your management between sliced and unsliced bread?

Mr. STORMER: Percentage-wise, but here we show it on a thousand loaves, the cost per thousand loaves.

Mr. BEAUDRY: You bring it down percentage-wise.

Mr. STORMER: I think if you were to divide your selling cost in each instance into the figure shown that you would probably arrive at about the same percentage.

Mr. BEAUDRY: So that over all your selling cost for sliced bread, which is shown as being higher than the selling cost for unsliced bread, is justified by the fact you are selling more of it than the other kind?

Mr. WILSON: We again get back to the basic principle that we have adopted. As far as we are concerned we intend to make bread stand on its own feet. As far as we are concerned we are going to do everything we can to interfere with the bread business drifting back to the conditions that existed in 1939 and prior thereto when labour was getting 38 cents an hour, in order to produce a cheap loaf of bread.

Mr. BEAUDRY: You stated that earlier. That is not an answer to my question. My question is this. Is your higher cost on sliced bread as against unsliced bread justified by the fact you are selling more of it than of the other type?

Mr. WILSON: We do not attempt to justify it from that standpoint.

Mr. BEAUDRY: Well, without justification is that the reason?

Mr. STORMER: These costs are worked out on a thousand loaves basis.

Mr. BEAUDRY: What difference does that make?

Mr. STORMER: I do not know.

Mr. BEAUDRY: I do not either.

Mr. STORMER: I am trying to tell you how we arrive at our figures.

Mr. BEAUDRY: I appreciate that, but you have indicated you are selling more sliced than unsliced bread, and because you sell more that is the only reason you have given me so far. It costs you more to sell it per thousand or per unit.

Mr. STORMER: I think the reason is that we have indicated that salesmen's salary and commission enters into it. Have we got that straight?

Mr. BEAUDRY: I appreciate that.

Mr. STORMER: Have we got trade discount?

Mr. BEAUDRY: I appreciate that.

Mr. STORMER: The only thing left is a difference of 4 cents a thousand loaves of bread for administration and all these other things, rent and taxes and group insurance and pensions, and all these things.

Mr. BEAUDRY: I will make this suggestion. Does it follow from your statement?

Mr. STORMER: Yes. I did not work all these figures up myself, but as I recollect it that is also percentage-wise. In other words, if we divide 115, the selling value, into 3.65, and then divide 120 into 3.69 I think we will come up with about the same percentage.

Mr. BEAUDRY: Does it follow from that if your sliced bread could sell at 14 cents that your cost for sliced bread would be lower?

Mr. WILSON: I did not get that one. Would you repeat that question again?

Mr. BEAUDRY: We are working within a very narrow circle. You have said your cost is higher because your bread sells higher. I am suggesting to you if your bread sold for less your cost would decrease, strangely enough.

Mr. STORMER: Yes, on those three items that we mentioned, yes, sir.

Mr. BEAUDRY: I am discussing sliced bread.

Mr. STORMER: On those three items we mentioned. We mentioned salesmen's salaries, trade discounts, and administration.

Mr. BEAUDRY: I appreciate that, but it still follows if you sold your bread for less your cost would be less?

Mr. STORMER: Per thousand loaves of bread. Your percentage might not be.

Mr. WILSON: All right, yes, sir.

Mr. BEAUDRY: That is all, thank you.

The CHAIRMAN: Any other questions?

Mr. MACINNIS: I would like to ask a question on Exhibit 5, wages in manufacturing. You give the rate in 1939 in your four categories as 38, 38, 38 and 42. Would you know how many employees there are in each category.

Mr. WILSON: It would be a rough guess. I could not tell you exactly.

Mr. STORMER: I think that is an awfully difficult problem. At that time we were running one shift a day. Today we are running three shifts.

Mr. WILSON: That would be only one shift, anyway.

Mr. MACINNIS: Would you know how many relief men you have got?

Mr. WILSON: Relief men—you have one or two to each shift.

Mr. MACINNIS: One or two to each shift?

Mr. WILSON: You know what a relief man is. He relieves each of these other jobs.

Mr. MACINNIS: What percentage of the total staff would the relief men be?

Mr. STORMER: It is difficult to answer. I will have to explain it this way. We have to have enough relief men so that every man working in the shop has a relief period.

Mr. WILSON: In the morning and in the afternoon.

Mr. STORMER: In the morning and in the afternoon.

Mr. MACINNIS: Would there be as many relief men as there are ordinary staff?

Mr. STORMER: Oh, no.

Mr. MACINNIS: When you were figuring the percentage of increase, the increase for relief men from August, 1939 to January, 1948, was from 38 cents to 86 cents, but for the oven men it was from 38 cents to 83 cents, for the bakers' helpers from 38 cents to 81 cents, and for the mixers from 42 cents to 85 cents. You said the percentage of the increase was 126 per cent.

Mr. WILSON: There were two percentages given. Mr. Winters gave one which we agreed to and Mr. Stormer gave another one which we agreed to.

Mr. MACINNIS: I do not know that the one stated by Mr. Winters was agreed to.

Mr. WILSON: All right, we will agree to it. It is 117 or 118 per cent.

Mr. MACINNIS: If you take bakers' helpers and mixers you have a still lower percentage of wage increase, have you not?

Mr. WILSON: Yes, but you would still be over 100 per cent.

Mr. MACINNIS: There is a difference between 100 per cent and 126 per cent.

Mr. WILSON: That is right. There is a difference in the job, too.

Mr. MACINNIS: Now, you have wages for manufacturing, wages for shipping, wages for office staff. Have you got the executive salaries for August, 1939 and January, 1948?

Mr. STORMER: No, sir.

Mr. MACINNIS: Do they not enter into your cost of production?

Mr. STORMER: Not to any extent whatever, not to any great extent.

Mr. MACINNIS: It depends on how much they are, I suppose.

Mr. IRVINE: It does not matter what they are. They must make some difference.

Mr. MACINNIS: If you put in the increase in labour as a reason for raising the cost of bread then I think we should have the executive salaries for the same period.

Mr. STORMER: You mean the gentlemen who are named on the front of this, I presume?

Mr. MACINNIS: The people who, in the ordinary sense of the term, are on the executive of the company.

Mr. MAYHEW: Do you want that by percentage?

Mr. MACINNIS: Well no, it was given by the others as so much per hour, or per week, and as we have it now the salaries are given on an annual basis. You would have it on an annual basis?

Mr. STORMER: We have, for the gentlemen listed on this sheet for the year 1948. To the best of my recollection it is \$18,300 which would have to be divided equally between bread operations and cake operations. That gives us roughly \$9,150 a year, divided into the number of loaves of bread we make, or the pounds we make, and it would be almost impossible to figure it out.

Mr. MACINNIS: For the five men on the front page?

Mr. STORMER: I left one man off, I am sorry. Make that figure \$23,000 and divide that equally. You will then have \$11,500 for bread operations let us say, and \$11,500 for cake operations.

Mr. MACINNIS: That is for the five persons mentioned here on exhibit 46?

Mr. STORMER: Yes.

Mr. MACINNIS: When were these salaries in effect?

Mr. STORMER: I am giving you today's figures.

Mr. MACINNIS: That is the total salary for the five men concerned—or the ten men?

Mr. STORMER: That is the amount that is charged to these operations, yes sir.

Mr. MACINNIS: Is that the total amount of the salaries paid?

Mr. WILSON: As far as Christie's Bread Limited, that is the entire amount that is paid.

Mr. MACINNIS: Well what would the rest of the salaries of these people be charged to?

Mr. WILSON: Other operations.

Mr. MACINNIS: Other firms? You mentioned yesterday that there were three subsidiaries of the National Biscuit Company of the United States in Canada. They were Christie Brown & Company,—

Mr. STORMER: Canadian Shredded Wheat Company and Christie's Bread Limited.

Mr. MACINNIS: From whom does Christie's Bread Limited purchase their flour?

Mr. STORMER: We have it right here. Copeland, Midland; Lake of the Woods; Weyburn Flour Mills, Weyburn, Saskatchewan; Maple Leaf; and St. Lawrence, in Montreal. We have just started there, as we have already brought out, but in Montreal we will be buying from St. Lawrence Milling Company.

Mr. MACINNIS: Do you import any flour?

Mr. STORMER: No sir.

Mr. MACINNIS: From whom do you purchase your molasses?

Mr. STORMER: I do not know; I would not know who we are buying it from.

Mr. PINARD: Is it any other subsidiary?

Mr. WILSON: We purchase it from different sources. We purchase Cuban molasses.

Mr. PINARD: Yes.

Mr. WILSON: We do purchase some from—well not a subsidiary, but a department of the Company.

Mr. STORMER: I would like to make a statement at this point. We get very valuable service from our parent company, from the purchasing and sales department, the advertising department, the engineering department, and so on, and they do not charge us one cent.

Mr. PINARD: But they own your company.

Mr. STORMER: That is all right, they are quite justified in charging us.

Mr. MACINNIS: Would you expect that to happen with their interest in your company?

Mr. STORMER: Not necessarily.

Mr. WILSON: They could make us stand on our own feet in that respect and make us put in our own laboratories, our own engineering department, and all that.

Mr. STORMER: We get the benefit of all that.

Mr. MACINNIS: Do you import any of your molasses?

Mr. WILSON: Yes, I told you we did. We import it from several sources.

Mr. MACINNIS: From whom do you buy your cartons?

Mr. WILSON: They are bought from several sources too.

Mr. MACINNIS: Are they purchased from a subsidiary of the National Biscuit Company?

Mr. WILSON: No.

Mr. PINARD: How about your wrappers?

Mr. WILSON: They are bought—

Mr. STORMER: They are bought from a firm in Peterborough.

Mr. WILSON: Yes, and one firm right here in Ottawa.

Mr. MACINNIS: What is the present capacity of your bakery in terms of pounds of bread?

Mr. WILSON: That is a hard one. Every week we could give a different answer.

Mr. STORMER: We are at practically 100 per cent capacity.

Mr. MACINNIS: 100 per cent capacity?

Mr. WILSON: Yes, and you have a table there. In the high week it was 480,000 loaves. We may still be able to squeeze it a bit.

The CHAIRMAN: The high week was 487,000.

Mr. MACINNIS: I notice from the table exhibit No. 8 that your production has been increasing very rapidly.

Mr. WILSON: That is right.

Mr. MACINNIS: You have gone up from 2,655,200 pounds in January, 1947 to 3,246,396 pounds in December, 1947?

Mr. WILSON: Yes.

Mr. MACINNIS: If your bread sales increased beyond your capacity how would you meet that situation?

Mr. WILSON: We have already been faced with that, and if you will notice on sheet 9 our production, due to power shortages during the month of February and the gas shortage down in the peninsula, dropped off. We had to put our customers on a quota basis and we have to be as fair as we can and give an equitable distribution.

Mr. MACINNIS: Well then to meet your increasing sales in a short time would be a rather costly business would it not? I think I gather that from Exhibit No. 6.

Mr. STORMER: Agreed.

Mr. MACINNIS: You agree with that.

Mr. STORMER: That is right; we have shown that on Exhibit 6. We could have picked out a hundred items but we thought that Exhibit 6 would give the illustration.

Mr. MACINNIS: Would there be any relation between the danger of exceeding your capacity and the increase in the price of bread?

Mr. WILSON: No.

Mr. MACINNIS: You were not worried about losing any of your custom, or not much of it, because you could, with your present capacity, only supply a certain amount.

Mr. WILSON: Yes.

Mr. MACINNIS: The amount of the trade that you had at the present time.

Mr. WILSON: Yes, but I do not follow you through. If you will repeat the question—I am a bit off the track there.

Mr. MACINNIS: Well let us put it another way? If you had unused bakery capacity would it not follow that you would not put up your price if you felt that was going to reduce your sales?

Mr. WILSON: I cannot see that at all.

Mr. STORMER: I think the thought is, Mr. Wilson, that we have taken advantage of the popularity of our bread and we did not need to worry about our capacity.

Mr. MACINNIS: No, I think you took advantage of your capacity to produce to the limit of your capacity and raised the price because you did not have anything to lose.

Mr. WILSON: Oh, no, no. No, that is definitely wrong. Again we come back to what our costs tell us to do, and we come back to the fact that we intend to make and keep bread on its own feet. We do not intend to allow things to drift back to the conditions in 1939 when labour was getting 38 cents an hour in order to make cheap bread. We are going to produce bread as reasonably as we can for the public, but when it comes to pushing the price of bread down you have got to take into consideration the people who are going to be involved in it.

Mr. MACINNIS: That is quite true and in pushing it up you have got to take into consideration the people with limited incomes who buy it.

Mr. WILSON: As far as consumer acceptance of our bread is concerned we are satisfied that we have consumer acceptance.

Mr. MACINNIS: It has already been shown your profits have increased, and at the time you raised the price of bread you had one of the best years. Now then if you are going to make each department stand on its own feet, does it not follow you should reduce to a greater extent the prices of production in other departments?

Mr. WILSON: That will automatically happen, sir, as we go along.

Mr. MACINNIS: It has not happened.

Mr. WILSON: Oh, yes, it has in one item.

Mr. MACINNIS: It has not happened to the extent that it shows in the figures that you have given us. The profits are higher than they have been. They were higher in January of this year than at any other period.

The CHAIRMAN: What is the answer to that question?

Mr. WILSON: The answer is just simply this, Mr. Chairman. We have been very sincere, and very straightforward, and very honest with the figures we have given you. We feel we are making a reasonable profit and until somebody comes along and shows what a reasonable profit is and that we are not in line—we will line up when somebody comes along and gives us a definition of a reasonable price, but until they do we are going along the way we are.

Mr. MACINNIS: You are going to decide what is a reasonable price?

Mr. WILSON: Yes, definitely. We are going to run our own business.

The CHAIRMAN: Are there any other questions?

Mr. WINTERS: May I ask just one question, a brief question for clarification. Yesterday I think the witness said—and this has reference to exhibit 3—the witness said that the figure for 100 per cent wholesale selling value was \$115. Then I think the witness said against that figure there was a discount which would bring it down to \$103, roughly. Is that the same discount that is referred to below as "trade discount", or are they separate?

Mr. STORMER: That is right.

Mr. WINTERS: They are one and the same thing.

Mr. WILSON: That is right, they are the same thing.

Mr. DYDE: Before the adjournment, I think we should mark as an exhibit the letter and statement which Mr. Johnston brought out. I think it would be

most convenient for the committee if the statement were to appear in the record immediately after the letter which was read into the minutes.

The meeting adjourned to meet again this afternoon at 4.00 o'clock p.m.

AFTERNOON SESSION

—The committee resumed at 4 o'clock p.m.

The CHAIRMAN: The committee will come to order, please.

Mr. DYDE: I will call Mr. Manning, representing George Weston Bread and Cakes Limited.

Harold Bowles Manning, 610 Dupont Street, Toronto, called and sworn:

By Mr. Dyde:

Q. Would you give the committee your full name, please?—A. Harold Bowles Manning.

Q. Your address?—A. 610 Dupont Street, Toronto.

Q. Your occupation?—A. Vice President and Managing Director, George Weston Bread and Cakes, Limited.

Q. Will you give us briefly the nature of the business done by your company? Do you sell retail house-to-house?—A. We do.

Q. Do you supply retail stores?—A. We do.

Q. And institutions?—A. Right.

Q. Do you sell to chain stores?—A. To a very limited degree.

Q. Has George Weston Bread and Cakes Limited any corporate relationship with any other company?—A. We are a subsidiary of George Weston Limited who own all our stock.

Q. And have you any other relationship, corporate relationship with any other company?—A. We own all the stock of Dietrich Bakeries Limited in Kitchener.

Q. And have you any relationship with a flour milling company by way of long-term contract?—A. No, sir.

Q. How do you buy your flour; from day to day or from time to time?—A. We buy it on the open market from four or five different suppliers as required.

Q. Would you name those suppliers, please?—A. The Copeland Flour Mills, in Midland; the Ogilvie Flour Mills in Montreal, the Purity Flour Mills in Toronto and the Robinhood Flour Mills in Montreal.

Q. Mr. Manning, some reference has previously been made to an incident or two with reference to your company. You may have seen some report of the evidence that was given with regard to the supply of bread to Pickering Farms Limited by Mr. Arnold. Do you supply his store with bread?—A. We do.

Q. Have you continued to supply his store with bread for the last 6 months? A. We have.

Q. Was there any interruption ever at any time?—A. Not to my knowledge.

Q. And you supply him with bread at the same price that you supply other retailers?—A. Right.

Q. There is no difference whatever between the way you supply bread to Arnold than there is to any other retail store?—A. Well, of a type similar to Arnold's; Arnold is a large customer and one of those who enjoys the 5 per cent discount; but other than that special discount there is no difference.

Q. The evidence given on page 775 of the proceedings was that a representative of Weston's called on Mr. Arnold some time following January 29 of this year; do you know who that representative was?—A. He was the salesman who operates in that district. I have not his name.

Q. Have you had any report of the reason for his going to see Arnold?—A. He went to see Mr. Arnold in connection with the advance in the price of bread.

Q. And did he say he was going to raise the price of bread?—A. He advised him the price of bread would be raised, yes.

Q. Do you know whether that visit took place after or before the visit to Toronto by someone from Christie's? Do you know that?—A. I do not know, to my own knowledge.

Q. No?—A. But I understand from reports that it was subsequent to the visit from Christie's.

Q. Did you or any official of your company tell Mr. Arnold that he had to sell at any particular price?—A. No, sir.

Q. Is there any price on the wrapper of the bread that you supply to Arnold's?—A. 14 cents, yes.

Q. And that is the price at which you expect the bread to be sold at retail, isn't it?—A. That is correct, unsliced—15 cents on the sliced.

Q. Do you know that Arnold's are selling at a lower price than that?—A. We do.

Q. Have you taken any disciplinary measures or any retaliatory measures of any kind against Arnold?—A. None whatever.

Q. Do you know a retailer by the name of Lucatch in Toronto?—A. No.

Q. Do you know a store that is called the Old Colony Market?—A. No, sir.

Q. Do you know whether your company supplies bread to that store?—A. I do not know.

Q. I am going to ask you to find that out, Mr. Manning, and write a letter letting me know whether you supplied bread to Mr. Lucatch, and at what price, and whether there has been any interruption in your supply to him.

Mr. JOHNSTON: Or threatened interruption; did you include that?

Mr. DYDE: Or threatened interruption.

The WITNESS: Would you give me a memorandum on that?

Mr. DYDE: Yes.

By Mr. Dyde:

Q. I have asked you, Mr. Manning, to bring with you certain information with reference to your company and you have brought with you the consolidated financial statement dated December 27, 1947, audited, have you?—A. Right.

Q. Mr. Chairman, Mr. Manning has co-operated with me to the fullest extent in this regard. This only reached him this morning and it has not been possible to multigraph it but I understand, Mr. Manning, that you will be able to supply the committee with additional copies?—A. Correct.

Q. Would you supply us with, say, 20 copies—A. Yes.

Mr. DYDE: This will be Exhibit 48.

EXHIBIT No. 48: Consolidated financial statement, George Weston Bread and Cakes Limited. (See appendix).

The CHAIRMAN: It may be difficult for members of the committee if there is only one copy.

Mr. DYDE: It has not been possible, Mr. Chairman, to get it down sooner because it was not in Ottawa until this morning.

The CHAIRMAN: Well, then, you will have to have a pretty thorough examination on it, Mr. Dyde.

Mr. IRVINE: We can't do much with something we haven't seen, Mr. Chairman.

The CHAIRMAN: They have not seen this. You will have to take it right the way through.

Mr. FLEMING: If we are going to have additional copies and they will not be available today I would suggest that Mr. Manning, instead of providing additional copies, wait until it is printed in our proceedings. We are getting those quite promptly now.

The CHAIRMAN: I was looking to see how much is in it. It is not very extensive.

Mr. DYDE: No, it is not long.

The CHAIRMAN: Is that agreeable, gentlemen?

Some Hon. MEMBERS: Agreed.

By Mr. Dyde:

Q. Mr. Manning, perhaps you could help the committee in this respect; you have also brought additional information which was brought at my request and would you be able to say whether the additional information which you are about to produce contains most of the information that is in that audit statement?—A. I would feel that the exhibits we are submitting would contain practically everything the committee would require.

Q. Then with reference to the additional information you have brought a statement consisting of 11 pages giving information as requested and you are now producing this, are you?—A. Right.

Mr. DYDE: That will be Exhibit 49.

EXHIBIT No. 49: Statement submitted by George Weston Bread and Cakes Limited, re cost of bread.

EXHIBIT 49

(1)

SUBMITTED BY GEO. WESTON BREAD AND CAKES, LIMITED, TORONTO, ONTARIO.
INCORPORATED 1926. A WHOLLY OWNED SUBSIDIARY OF GEORGE WESTON LIMITED, 25 KING STREET WEST, TORONTO, ONTARIO.

The company operates bread bakeries at Toronto, Kingston, Sudbury and Kirkland Lake, in Ontario, and distributes from these bakeries and through depots located at: Toronto, Barrie, Woodstock, Oshawa, Stratford, Belleville, Guelph, Peterborough, and in addition operates a subsidiary, Dietrich Bakeries Limited, with plant at Kitchener, Ontario.

(2) and (4)

GEO. WESTON BREAD AND CAKES, LIMITED

Brands of Bread

First Quality—Weston's Enriched, Buttermilk Scone; sundry—Whole Wheat, Sandwich,

French Sticks, Dutch Brown.

Second Quality—Mealtyme, Lunch Box.

BREAD SALES, WEEK FEBRUARY 7, 1948

	Retail	Wholesale	Total	Percentage
Loaves—First quality	209,562	181,205	390,767	92.8
Second quality	14,261	16,195	30,456	7.2
Totals	223,823	197,400	421,223	100.0

(3)

SALES VOLUME (POUNDS) YEAR 1947 AND JANUARY, 1948

(Operating statements are prepared for 9 accounting periods of 5 weeks each
and for 1 period of 7 weeks in each year)

Period ending	1947 (pounds)	September 13	3,530,100
February 1	3,634,700	October 18	3,506,600
March 8	3,641,000	November 22	3,409,300
April 12	3,606,700	December 27	3,320,600
May 17	3,577,600		1948
June 21	3,554,100	Period ending	(pounds)
August 9 (7 weeks)	5,033,500	January 31	3,305,900

(5)

PRICE OF BREAD

Ontario

Grade	September 1, 1947		September 18, 1947	
	Retail	Wholesale	Retail	Wholesale
First quality	.10	.08	.13	.104
First quality (sliced)	...	...	...	...
Second quality	.08	.065	.11	.095

Grade	November 18, 1947		January 27, 1948	
	Retail	Wholesale	Retail	Wholesale
First quality	...	...	.14	.115
First quality (sliced)	.15	.12	.15	.12
Second quality	...	...	.12	.105

(6)

FORMULAE

	First quality	Second quality		First quality	Second quality
Flour (special)	210		Milk (sweetened condensed)	18	...
Flour (baking)	390	600	Shortening	15	4½
Yeast	12	10½	Malt syrup	6	3
Yeast food	¾	10¾	Mycoban	¾	...
Salt	15	13¾	Water	384	360
Sugar	18	6			
			Total lbs.	1,069½	998½

(7)

COST OF MANUFACTURING BREAD—24 OUNCE LOAF

Period Ended	Materials	Shop Labour	Oven Fuel	Overhead	Manufacturing Cost
February 1, 1947	3.42	.94	.09	.44	4.89
August 9, 1947	3.69	1.08	.10	.37	5.24
September 13, 1947	4.02	1.05	.10	.43	5.60
October 18, 1947	4.45	1.04	.10	.45	6.04
November 22, 1947	5.66	1.07	.10	.53	7.36
December 27, 1947	6.12	1.16	.10	.66	8.04
January 31, 1948	5.34	1.17	.12	.70	7.33

AVERAGE SELLING PRICE AND COSTS PER 24 OUNCE LOAF OF BREAD

	Average Selling Price	Average Mfg. Cost	Wages and Route Expense	Vehicle Expense	Admin. Expense	Total Cost	Profit or Loss per Loaf
February 1, 1947	8.72	4.89	2.16	.93	.50	8.48	0.24
March 8, 1947	8.74	5.11	2.08	.84	.51	8.54	0.20
April 12, 1947	8.67	4.96	2.11	.86	.51	8.44	0.23
May 17, 1947	8.76	5.10	2.18	.90	.51	8.69	0.07
June 21, 1947	8.84	5.21	2.22	.88	.52	8.83	0.01
August 9, 1947	8.68	5.24	2.20	.86	.47	8.77	0.09
September 13, 1947	8.70	5.60	2.23	.96	.59	9.38	0.68
October 18, 1947	11.37	6.04	2.60	.98	.70	10.32	1.05
November 22, 1947	11.64	7.36	2.60	1.00	.74	11.70	0.06
December 27, 1947	11.82	8.04	2.78	1.29	.68	12.79	0.97
January 31, 1948	12.06	7.33	2.91	1.33	.67	12.24	0.18

(8)

INGREDIENT COST PER LOAF

First Quality			
	Flour	Other Ingredients	Total
September 1, 1947'	2.11	1.59	3.70
November 1, 1947	3.95	1.59	5.54
January 1, 1948	3.71	1.63	5.34
February 1, 1948	3.64	1.63	5.27
Second Quality			
	Flour	Other Ingredients	Total
September 1, 1947	2.17	.61	2.78
November 1, 1947	4.13	.61	4.74
January 1, 1948	3.86	.61	4.47
February 1, 1948	3.80	.61	4.41

WAGE INFORMATION

Toronto Labour Cost per Pound of Bread—Includes supervision, baking, wrapping, packing and general shipping maintenance:

Period	Cents
Year 1943 .....	.57
Year 1944 .....	.50
Year 1945 .....	.51
Year 1946 .....	.60
Year 1947—	
February 1 .....	.63
March 8 .....	.63
April 12 .....	.63
May 17 .....	.64
June 21 .....	.65
August 9 (7 weeks) .....	.72
September 13 .....	.70
October 18 .....	.69
November 22 .....	.71
December 27 .....	.77
Year 1948—	
January 31 .....	.78

Salesmen's Commission Rates—

Retail	15%
Wholesale	9%
Guarantee	\$10.00

Salesmen's Average Weekly Wage—

February, 1943	\$36.41
February, 1948	46.10

FLOUR INVENTORY

	Barrels
Inventory, September 13, 1947.....	3,352
Received:	
September 13—September 18	2,325
	<hr/> 5,677
Used:	
September 13—September 18	1,606
	<hr/> 4,071
Balance on hand September 18	<hr/> <hr/> 4,071

(Approximately ten days supply.)

AVERAGE FLOUR INVENTORY PRICES

September 1, 1947	\$3.95
November 1, 1947	7.90
January 1, 1948	7.20
February 1, 1948	7.10
Current	7.00

CONDENSED OPERATING STATEMENT FOR THE YEARS ENDING 1943-1947 AND
FOR JANUARY, 1948

Year	Operating profit before taxes	Per cent on sales	Operating profit after taxes	Per cent on sales
1943	\$116,201	4.13	\$59,469	2.11
1944	105,623	3.59	60,389	2.05
1945	110,433	3.55	45,833	1.47
1946	89,739	2.57	44,739	1.28
1947	90,627	2.29	....	2.29
January 1948	18,212	....	....	4.70

NET PROFIT ON INVESTMENT

	Investment	Profit	Per cent on Investment
1943	\$1,450,000	\$59,469	4.10
1944	1,438,000	60,389	4.21
1945	1,586,000	45,833	2.95
1946	1,521,000	44,739	2.94
1947	1,982,000	90,627	4.57

By Mr. Dyde:

Q. Mr. Manning, who owns the stock of George Weston Limited, do you know?—A. There are over 3,000 shareholders scattered across North America and Europe.

Q. Are you an officer of that company?—A. I am a director.

Q. Is there any majority shareholder, a large shareholder of George Weston Limited? When I say large I mean quite considerable?—A. Mr. W. Garfield Weston is the largest individual shareholder.

Q. Do you know what he holds as shareholder?—A. I do not.

Mr. DYDE: Mr. Chairman, I have not many questions to ask but I will be glad to go through this page by page which worked very well with an earlier witness; and I have no questions to ask on this page 1 of Exhibit 49.

Mr. FLEMING: May I offer this suggestion? I think we got into some difficulty yesterday or the day before—it was the day before yesterday—by not going through the whole of an exhibit like this. I suggest Mr. Dyde ask the witness to make any comment on it page by page and go right through and then we come back and ask questions by individual pages.

Mr. DYDE: I will be glad to do that, in fact I would prefer to do that.

By Mr. Dyde:

Q. Mr. Manning, would you turn to page 2 which seems to be marked pages 2 and 4 in my copy, and I call your attention there to one or two matters. First of all I note toward the bottom of the page you show a percentage of 92.8 as being the percentage of first quality bread?—A. That is correct.

Q. I just call attention to that for this purpose that that indicates that a great percentage of your bread is of first quality; and may I ask this, why have a second quality—it comes to a very small proportion of your sales—why do you have it at all?—A. Some of our customers demand it.

Q. How much less per loaf does it sell at etail?—A. Two cents.

By Mr. Maybank:

Q. Both of these loaves are of the same size?—A. They are both 24 ounce.

Q. On these pages 2 and 4 of that first quality and all of the second quality are 24-ounce loaves?—A. That is correct; and I might mention the reason the page is marked 2 and 4 in this, Mr. Dyde, over the phone, asked for certain information in numerical order and I have endeavoured to incorporate the answers to that information according to the numerical order in which he gave

it; in other words, the first item 2, that he requested, was the different brands of bread; and then item 4 was relative sales volume. That is the reason 2 and 4 are on the one page.

By Mr. Dyde:

Q. Who are the customers of your second quality bread; can you answer that?—A. Do you mean the type of customers?

Q. No, I was thinking of the actual customers; do you sell that house-to-house?—A. The bulk of it I would say would be sold house-to-house.

Q. And do you recall at this minute any retail stores to whom you supply it?—A. Oh, we supply second quality bread to hundreds of retail stores but the volume of the second quality bread in relation to the total would be mostly in rural areas, the percentage in metropolitan areas is quite small.

Q. And I am correct am I—I am not referring to that same page—in pointing out that your retail sales constitutes something more than half the total sales?—A. That is correct.

Q. And retail means house-to-house?—A. That is correct.

Mr. MAYBANK: And the retail price of these two, the first and second qualities?

The WITNESS: 14 cents and 12 cents.

Mr. MAYBANK: Oh, I see that is on the next page.

The CHAIRMAN: You refer to a second quality bread; what about the quality of that bread, is it very much below nutritionally your No. 1?

The WITNESS: The formula follows on a subsequent page. I think that is the answer.

The CHAIRMAN: All right, thank you.

By Mr. Dyde:

Q. Then on page 3 there is one point which I would like you to comment on, Mr. Manning; I note that for your period ending January 31—is that a 5-week period?—A. That is correct.

Q. There are sales of 3,305,900; that is for the last year, is it not?—A.—That is correct.

Q. It is not below the period for December 27 by very much but it seems to be a trend downwards since August, but August, of course, was a seven-week period?—A. A seven-week period, yes.

Q. There is a trend downwards; how do you account for that?—A. The availability of other food items in the market.

Q. Is that what you mean as being the sole reason for that?—A. That is the major reason.

Q. Has price had anything to do with it?—A. Well, bread is still the cheapest food and I would be surprised if price had much to do with it.

Mr. FLEMING: The trend downward really began in March; if you take five-sevenths of the August figure you find there is an unbroken downward trend that began in March.

Mr. DYDE: You are quite correct; did you notice that, Mr. Manning?

Mr. FLEMING: It began in March of 1947.

The WITNESS: And since the spring of 1947 it has been generally downwards.

The CHAIRMAN: What does the witness mean by "the cheapest food"? Bread is much higher now than it was before World War II?

The WITNESS: Well, based on a calorie intake you get a much higher percentage of actual food value for the funds expended in bread than in any other food to my knowledge.

The CHAIRMAN: That is what you mean, I just wanted to know what you meant when you said that it is the cheapest food.

By Mr. Dyde:

Q. Now, Mr. Manning, I am turning to page 5 where you give the retail and wholesale price of both qualities. I should have asked you earlier about prices. I am asking you that now. You do not show on pages 2 and 4 the proportion of sliced bread to unsliced bread although you refer to sliced and unsliced bread on page 5.—A. Sliced runs about 15 per cent.

Q. Do you know whether there is an increase in the sales of your sliced?—A. A steady increase since its introduction.

Q. It was introduced about November?—A. That is correct.

Q. Actually on November 18?—A. I am not positive as to the exact date, but I am reasonably certain that was the date.

Q. Are your wholesale prices subject to volume discounts?—A. No, except in a very limited number of cases.

Q. Would you be able to say, perhaps, what cases they are, that is, purchasers of how much bread?—A. Well, in our dealings with the retail merchants we have no stated volume of business which would entitle a merchant to a discount. The bulk of those discounts would be to institutions such as hospitals or railways, and certain small chains such as Power stores or Pickering Farms, accounts of that type.

Q. And when a purchaser is entitled to a volume discount can you tell the committee what it amounts to?—A. Five per cent.

Q. And has that 5 per cent in any way been taken into account in the wholesale figures on page 5?—A. No, sir.

Q. So that the members of the committee would have to understand that while the wholesale prices as quoted on this page are certain figures that some sales would carry a volume discount of 5 per cent?—A. That is correct.

Mr. JOHNSTON: Why is that not applied to all customers? Are there some preferred customers? Do I understand that? I understand it is not based on volume.

Mr. DYDE: He explained what it was based on although I am sure you may wish to ask him further questions on that.

Mr. JOHNSTON: I am wondering why there are any preferred companies that get this, and why not give the same discount to everybody who deals with you.

The WITNESS: It is not our policy to give it to merchants generally. Hotels, large restaurants, hospitals, government institutions, railways, and any large account of that type have been in the habit of enjoying that discount although there are a few store outlets which get it such as Power stores or Pickering Farms, small chains of that type, but it is not our policy to give it to the store trade generally regardless of the volume.

The CHAIRMAN: Mr. Fleming makes the suggestion we ought to go through this first and then come back to questions. Perhaps you could make some notes as you go along.

By Mr. Dyde:

Q. Would you turn now to page 6? You have been kind enough to supply the formulae. May I ask if there has been any change of formula since

September 1, 1947?—A. We have made two changes, one in October and one early this year. This formula is as it stands today.

By Mr. Maybank:

Q. What are those two times?—A. In October and early January.

By Mr. Dyde:

Q. Are you able to say what effect those two changes of formula had on your cost? Have you got that information?—A. I have not it accurately, but I think I could quickly estimate. It is approximately 30, sir.

Q. Are you referring to the change of formula in October, 1947?—A. The first change would be approximately 30, and the second change—

Q. Just one minute before you leave that. What do you mean by approximately 30? Is that an increase or decrease in cost?—A. That is an increase in cost.

Q. Thirty what?—A. 30 cents. If you will turn to No. 8, other ingredients, 1.59, that would be increased from approximately 1.29.

By Mr. Irvine:

Q. Is that 30?—A. That is right, 3/10ths of a cent. The other increase early in the year would be somewhat less than that, possibly half.

By Mr. Dyde:

Q. Possibly 15?—A. Possibly, approximately.

Q. Approximately?—A. Yes.

Q. That would also be an increase?—A. That is right.

Q. In January?—A. That is right.

Q. How many loaves of bread does the formula as set out on page 6 make in the first quality? I am referring to 24-ounce loaves.—A. About 590.

Q. And in the second quality that formula would produce what?—A. Oh, approximately 560.

Q. Also 24-ounce loaves?—A. That is correct.

Q. Would you turn to page 7, please. While there are a good many figures there I am not going to refer to any particular figures at the moment, but I am going to tell you in the first place that the committee has been interested in delivery costs, and I should like to ask you whether you are able to assist the committee with reference to delivery costs with special reference to the comparison between delivery house-to-house and delivery to stores. Have you any information that will help the committee?—A. Well, that is a rather tough question, sir.

Q. If you have any information that will help us I would be glad if you would give it.—A. That has been a rather contentious point over the years, not only among those directly associated with the industry, but from the accounting standpoint and others seeking information as to its operation. I think one reason why it is so difficult to arrive at anything exact or concrete in that respect is because the common method of distribution of bakery products in this country is on what is known as combination routes. The same salesman from the same vehicle will sell to the housewife and also the store, and it is very difficult to pin down the apportioning of distribution costs such as wages, gasoline or oats for the horse, or what have you. I was rather interested in the account of the proceedings which was in the *Globe and Mail* yesterday morning and the comment on the evidence of one of the other companies which operates a strictly wholesale business. They show their selling cost is a total of 2.39.

Q. We do not mind if you name that company.—A. The Christie company. It is named in the paper. Keeping that in mind the best way to answer that, I think, would be to take one of our operations which is practically all retail. By that I mean practically all the sales are to the housewife. From our operating statement of that particular branch I find that for the period ending January 31 87 per cent of the bread sales were retail, that is, sold direct to the housewife. I think that is as large a percentage of retail as it would be possible to find in any branch of the industry. Using that as a yardstick to measure the cost of distribution I find there are a total of 419,000 loaves sold in that period for a net sale return of \$52,990, and if we divide the one into the other we get the sale return per loaf.

By Mr. Lesage:

Q. How much did you say?—A. \$52,990.

By Mr. Johnston:

Q. Would that be all bread or cakes, too?—A. It is all bread. That is the number of loaves of bread that were sold retail from this branch. That is roughly 12·60.

By Mr. Dyde:

Q. When you say 12·60 what is that?—A. That is the net amount per loaf realized from the sale. In other words, there would be retail sales at 14 cents and there would be retail sales at 12 cents, and then there would be 13 per cent of the total sales which would be at wholesale prices, in other words, 11½ and 10 cents, so that the average return per loaf for the 419,000 loaves sold is 12·6 cents.

As to the breakdown of the distribution expense that covers route expense such as sales manager's salary, supervisor's wages, salesmen's wages, bad debts, shippers' wages, depot rent and so on, all items applicable to the handling and distribution of that bread through the depot, and the delivery to the housewife such as horse and wagon expenses, stable wages, feed, and so on, and truck expenses, gas, oil, and so on, and transportation from the point of production, the main plant, to this branch. That all totals 34·4 per cent. I might mention here if we want to work it down to 100 per cent retail we would have to increase that percentage slightly to make up for the 13 per cent which is wholesale, but that in turn would increase the return per loaf slightly, so I think it is safe to use that percentage as a rough yardstick. If you take 34·4 per cent of 12·60 that is 4·28. So that it might be assumed—

By Mr. Winters:

Q. What are the figures?—A. 4·28.

Q. No, the other figures.—A. 34·4 per cent of 12·60.

Mr. WINTERS: That looks like it is a little out but it is all right.

Mr. DYDE: Mr. Wilson says it is correct.

Mr. LESAGE: It is 4·33?

Mr. WINTERS: It is close to that, anyhow.

By Mr. Dyde:

Q. Is it larger than 4·28. It is 4·33.—A. That is right. So 4·33 cents is the cost of distributing that loaf to the housewife.

Q. Before I leave that are these salesmen who are going out from that branch not also carrying sweet goods?—A. That is correct, sir.

Q. How have you arrived then at the cost per loaf if the man is also carrying sweet goods?—A. We take it as a percentage of the value of the sale. That is where you get your 34·4. The fact he has other goods does not relate to it because we are dealing only with the value of the bread sold.

Q. I think I asked someone the other day whether it did not take a longer time for the salesman to sell a cake than it did for him to sell an ordinary loaf of bread. My impression was the answer I got was it did take more time.—A. That is quite correct. As a rule he expends a lot more energy and time which costs money, but he gets a much greater dollar sale, so that one offsets the other. In other words, he sells a 14-cent loaf of bread without very much effort but if he has to wait two or three minutes trying to persuade a housewife to buy a 30-cent cake it is reasonable to assume that in relation to the dollar sales the cost or time element is comparable. You will never get it any closer than that.

Mr. WINTERS: What is that figure again?

Mr. DYDE: It is 4·33 cents, as being the cost of distributing a loaf of bread.

By Mr. Winters:

Q. Is that comparable to the cost of your wages and route expense plus your vehicle expense as shown on page 7, 2·91 plus 1·33?—A. That is essentially correct.

Q. That comes to 4·24 as compared to 4·33.—A. That is the average, and I have taken this one branch, which is practically all retail, so we would be sure we were correct. Then referring again to the figure given by the Christie company, which is a strictly wholesale operation—I think it was 2·38 I mentioned.

Mr. DYDE: It was 2·39.

The WITNESS: 2·39 is correct. So that for comparable purposes we may assume that it costs 4·33 to deliver a loaf of bread from the point of production to the housewife, direct. Then, using the figures given the committee by the Christie company of 2·39 as to the wholesale delivery cost and adding to that the margin of profit on a regular 14-cent loaf of bread which is 2·50, that adds to 4·89. It would appear, on the surface, that house to house is comparable in cost, in this particular instance slightly more favourable than through the merchant. Remember that I have no brief for either method. Mr. Dyde simply asked me if I could throw any light on this. We sell wholesale and retail and frankly it is immaterial to us how we get our volume as long as we get it.

Mr. WINTERS: That is the consumer who gets delivery at the house is being favoured in this delivery cost?

The WITNESS: In this particular instance. Let us assume a certain merchant averaged instead of $2\frac{1}{2}$ cents profit a 2 cent margin you would have a cost of 4·89 as against 4·33. It would be comparable if he wanted to work on a $1\frac{1}{2}$ cent margin and the customer could conceivably get a little break through the store, but the difference is quite negligible.

The CHAIRMAN: I was suggesting to Mr. Dyde, not that I want him to leave this unless he has exhausted his questions, but I point out that he ought to go into the production cost of the loaf itself, up to the point of delivery from the factory.

Mr. DYDE: Perhaps you might say something, Mr. Manning, on where that appears.

The CHAIRMAN: It is on page 7.

The WITNESS: Yes, page 7. The manufacturing costs on January 31 are 7·33; December 27, 1947, 8·04; November 22, 1947, 7·36, and so on.

The CHAIRMAN: Well, on those figures, the story of A & P who produce a loaf of bread at 10 cents and still allow for a profit, is possible.

The WITNESS: No, sir; I would not subscribe to that at all. I do not think it is possible for any operator today to produce, distribute, and merchandise through a retail channel, a loaf of bread at 10 cents. My own feeling is that it is what is referred to as a loss leader.

The CHAIRMAN: Do you want to pursue that?

Mr. DYDE: Not at the moment.

The CHAIRMAN: Well, I will pursue that just for a moment. Take the figures on page 7. The highest manufacturing cost for December 1947 was 8.04. That would still leave at that highest figure a margin of something between one and two cents.

The WITNESS: That is correct. Assuming that it cost eight cents a loaf at the plant door, you have got all your shipping expenses, and then the cost of the normal operation through the chain outlet too. I understood from the comment that the actual A & P situation was to be investigated, but my own feeling is that it cannot be done.

By Mr. Winters:

Q. It cannot be done by the retailer, or the baker?—A. It cannot be done by anyone.

In other words, it is just not possible to produce a loaf of bread, distribute it to store outlets, add the cost of operating that store or outlet, and sell it at ten cents.

Q. When you speak of loss leadership you feel there is a loss to both the baker and the retailer?—A. I am not considering the baker particularly. I am just dealing with the hypothetical case of an individual who bakes and distributes a loaf of bread through his own outlet, such as a chain store.

Mr. PINARD: Not even your second quality bread?

The WITNESS: I would not like to put together figures on the second quality bread. That bread would come closer to the breaking even point, but my feeling is you cannot do it even at that.

Mr. WINTERS: What would you say about a store like Steinberg's, selling Richstone bread?

The WITNESS: I have no knowledge of Steinberg's bread and I do not know anything about his operation.

By Mr. Dyde:

Q. Still referring to page 7, your manufacturing cost set out there is with reference to first quality bread?—A. That is correct, and the formula is given.

Q. Yes, but I want to make it clear that page 7 refers to first quality bread only? Is that correct or is it consolidated?—A. No, this is the average for those periods.

Q. Yes, but right at the first row of figures you have given the period at February 1 as having a manufacturing cost for the 24-ounce loaf of 4.89. Can you say whether that is purely for the first quality bread or whether it is a consolidation?—A. A consolidation; those are the actual figures taken from our manufacturing statements for the period.

Mr. MAYBANK: It refers to the 7.2 per cent of your business as well as the 92.8 per cent as shown on page 24.

The WITNESS: That is correct.

By Mr. Dyde:

Q. But you have already pointed out to us 92 per cent of your business is in first quality?—A. That is correct.

Q. Now I have no further questions with particular reference to page 7, or page 8 at the moment, but I would like you to turn to page 9. I just want to clear up one point which I thought was a little doubtful when I read it. The figures for 1943 are .57; for 1944, .50, and those are cents?—A. Yes, that is correct.

Q. Cents per pound?—A. That is correct. In other words, in 1944 it cost .50 cents per pound for the labour cost of a loaf.—A. In other words .75 or $\frac{3}{4}$ of a cent a loaf.

Q. All those figures are cents per pound?

Mr. MAYBANK: Per pound, and not loaves?

Mr. DYDE: Pound. "Per pound" is the heading at the top of the page and I just wanted to call particular attention to it so there would be no confusion.

Mr. MAYBANK: That is right.

By Mr. Dyde:

Q. Further down on the same page, page 9, there is a small heading "Salesmen's commission rates." Are there changes in the commission rates when the price of bread increases?—A. There was no change in the commission rate but there was a change in the guarantee.

Q. Have you got figures to give the committee on that?—A. Yes, sir; the guarantee prior to the price increase was \$10.95.

Q. Are you referring to the price increase in January? What price increase are you referring to?—A. The September one.

Q. All right.—A. There was no change in January.

Q. Prior to the September increase the guarantee was \$10.95. That is the only change that has taken place in the guarantee since the first of September?—A. Yes, the only change for four or five years.

Q. The rate of commission did not change in September, or January, or February of this year?—A. That is correct.

Q. On page 10 I have done some calculating. I see that the balance you had on hand in your flour inventory at September 18 was 4,071 barrels. Purely for the purpose of getting the dollar value, I multiplied that figure by \$3.95 which gives a figure \$16,080.45. If my multiplication is correct that is the benefit you received, is it not, out of the fact you had an inventory on hand when the price went up?—A. Because it doubled.

Q. Yes?—A. That is correct.

Q. Then in the table below that is given the average flour inventory—and I would remind the committee we already have the names of the companies from whom Mr. Manning purchases his flour. Then on page 11, with reference to the first table, are you able to supply the operating profits or losses for each month of 1947. You have given the figure there, a red figure of \$90,627.—A. No, sir, I have not got those with me.

Q. You would be able to supply those to the committee?—A. Certainly.

Q. And you will do so by letter?—A. Right.

Q. And lower down on that page you have a heading "Net profit on investments". Under the heading of "Investment" there is a column of figures for each of the years, the first being \$1,450,000. Is that the capital stock, or capital and surplus?—A. Capital and surplus; the amount of money invested.

Q. Those are all the questions I have, Mr. Chairman.

Mr. JOHNSTON: Well—

Mr. FLEMING: May I ask a question?

The CHAIRMAN: Well perhaps Mr. Johnston could carry on.

By Mr. Johnston:

Q. I wanted to ask something on that matter of discount. It came to my mind that while the larger stores got a discount, the smaller ones did not get it, and they were really the ones in need of a discount in view of their turnover?—A. Well, sir, as I outlined, the number of stores that get a discount is practically nil. There are only possibly half a dozen store outlets of the type of the smaller chains which get it. It is not our practice to give quantity discounts for volume to the retail merchants generally. It has never been our custom.

Q. You sell a 13 and 14-cent loaf?—A. A 14, and a 12-cent loaf to the housewife.

Q. Yes, and that is the same price at which Christie's sell in Toronto, is it not?—A. That is the same price at which the stores sell their bread.

Q. Those stores which handle Christie's bread?—A. That is correct.

Q. There is not any difference between the sale price of your bread and Christie's?—A. That is correct.

By Mr. Fleming:

Q. Mr. Manning, have you any analysis which would enable you to say whether you make a profit on the cheaper loaf, the second quality bread?—A. No, sir, we do not.

Q. You have not any breakdown as between the first quality and the second quality?—A. I have not submitted any but I know we are worse off on the second quality than on the first quality because there is a difference of approximately 1 cent in the formula; and the wrapping cost is practically the same. You save a little in salesmen's commission but it takes up just as much room in the vehicle, so we actually lose more money on the loaf at 12 cents than we do on the 14-cent loaf.

Q. Why do you bother with the cheaper loaf?—A. Competition.

Q. From whom?—A. Competitive companies.

Q. Such as what companies?—A. Do you wish me to name them.

Q. Yes.—A. Canada Bread, Consolidated, and the chain stores.

Q. The first two you have mentioned are bakeries that are selling to chain stores?—A. No, Consolidated to my knowledge has no tie-up with a chain store.

Q. Perhaps I am thinking of the other one, General Bakeries.—A. I do not know.

Q. To what extent do you attribute the necessity for meeting competition with the cheaper loaf? Is it due to the fact that it is the policy of the chain stores to have, as we have been told, a 10-cent loaf?—A. Well, I would say that the fact the 10-cent loaf is available to the consumer through the chain stores means that if we want to maintain our position in a community, and continue to supply and make available to the householder a product as close to the chain store price as possible, that we are forced to handle the 12-cent loaf.

Q. Does that fact compel you and your competitors to make up on the first quality loaf—would you consider you are not making sufficient profit on the lower quality?—A. No sir, I would not put it in the way that it compels us to make up. We are primarily concerned with making a good loaf of bread and distributing it at the lowest possible cost to the housewife, but, in order to satisfy a certain percentage of the consumers who want a loaf at a lower price, we do supply it to the extent of approximately 7 per cent of our production.

Q. As a result of competition and the fact that other people are doing it?—A. That is correct.

Q. If other people did not do it would you carry a second quality loaf at all?—A. We would prefer not to.

Q. Then if conditions of competition were normal in both fields, that is regarding both the first quality and the second quality, would the differential in price between the two loaves, either at the wholesale level or the retail level, be as great as it is today or would it tend to be equated with the difference in the ingredients?—A. I would say it would tend to follow more closely the actual cost or the difference in cost of the two loaves. Perhaps I did not get the question though?

Q. I think you have it. We know the differential in selling price as between the first and second quality, both at wholesale and retail level, is greater than the relative cost of production between the two?—A. That is correct.

Q. And I would like you to state for the record the reason for the difference in your price on January 27? —A. Well, that, briefly, is because we had been losing money since June.

Q. And you are going to supply us, I understand, with the figures on operations for the five-week period after the advance in price on January 27?—A. That is correct, sir.

By Mr. Maybank:

Q. Mr. Manning, you were saying that the fact that the 10-cent loaf is being sold has had some influence on your determining to keep on producing this second quality loaf of your own. Would it not be correct to say then that the 10-cent loaf tends to hold down all other bread prices of all companies?—A. Well, when you speak of us producing a 10-cent loaf, you mean our 12-cent loaf, our second grade loaf?

Q. I was not referring to you using a 10-cent loaf, I was referring to the fact that you produced a lower-priced loaf; and then, after that, I spoke of the 10-cent loaf being produced to sell in the same store. I knew you did not produce a 10-cent loaf; but that apparently has had an influence on your business and caused you to put out a second quality loaf?—A. That is correct.

Q. Would it not be correct to say that as long as that is the situation, whether it is sold at a profit or a loss it does not matter, but as long as it is there that it tends to keep down bread prices generally?—A. Yes, I would agree with you on that.

Q. Now, even though it does not represent a very large percentage or proportion of the Canadian bread business the fact of it being there results in the housewife getting bread as low as 14 cents which she would not otherwise get; would that be correct?—A. No, sir, I would not agree with that. As a matter of fact, it might work out theoretically, at least, in the reverse. In other words, if that 10-cent loaf wasn't there we would not have a 12-cent loaf, therefore we would have to get 14 cents instead of 12 for the 7 per cent of our production which means that we would have increased income which would enable us to turn around and put a little more into the bread or reduce the price, or maybe get a little extra profit.

Q. Well now, if that 10-cent loaf cuts into production, your cheaper loaf, would you not think that it would also tend to hold the producers back from taking 15 cents instead of 14 cents?—A. No, sir, I do not think it would have any bearing in that respect.

Q. You do not?—did I break in and interrupt you at that moment? Did I stop you from fully answering the question I asked just now?—A. Would you put it again, please.

Q. I will have to ask to have it read. I think I would say that apart from it being your work you just don't think the fact of the 10-cent loaf being there had anything in the nature of great influence on further price increases?—A. That is correct.

Q. You do not think that?—A. No, I do not think that, because competition in this business is so keen that the competitive position of all bakers is such that I do not think the price of the 14-cent loaf would be affected by the 10-cent loaf.

Q. And you think that the competition would still result in the housewife getting the 14-cent loaf even if the retailers did not have a 10-cent loaf?—A. That is right.

Q. You think that is so?—A. Because over the years the profit margin in this business has been very, very close and I feel it has and always will be. The industry has had its ups and downs. We have been in business since 1890 and we have managed to survive 50 odd years on a pretty slim margin, I guess we can continue to do it. I think the competitive situation will be such that it will always be that way in this business.

By Mr. Lesage:

Q. Is there any other difference in the cost between your 12-cent loaf and your 14-cent loaf than the cost of ingredients?—A. Well, the ingredients are the main difference. In normal times our second grade loaf has a one colour wrapper of the cheapest type obtainable but because of the tight situation in the paper industry there is today no difference in the wrapper cost between the two. Naturally there is some difference to us in the commission which is based on 12 cents rather than on 14.

Q. Oh, I understand that.—A. Other than that there is practically no difference.

Q. Practically none so the difference in cost to you would be the difference in the commission?—A. That is approximately correct.

Q. And the difference in that would be .86 cents?—A. We usually regard the difference as being 1 cent at the point of production.

Q. The difference in cost would be about 1 cent but the difference in price is 2 cents, which means that you are losing more money on your cheaper bread than you are on your first quality?—A. That is what I confirmed to you earlier.

By Mr. MacInnis:

Q. On page 8 we have the flour in your first quality loaf as 2.11 and in the second quality loaf it is 2.17; would that be accounted for by the lesser quantity of flour in the first quality loaf?—A. Yes, and for the reason that in addition to flour in the first quality loaf you have a much higher poundage of sugar, milk, shortening and other ingredients, with the result that there is actually a little less flour and a little more sugar and other ingredients in the first quality loaf.

Q. Do you know what the average worker or salesman gets per day or per week?—A. They work usually 48 hours, possibly 50 hours in some cases.

Q. Have you with you the average weekly wage of bakery employees other than salesmen, those working inside, for 1943 and 1947?—A. I haven't got that with me, but I can tell you there is very little difference in wages in the various bakeries in Toronto, and I understand that Consolidated Bakeries submitted their wage scale and I can tell you that our own is practically identical to theirs.

Q. Do you know the hourly rates?—A. That varies, we have our operators classified as to jobs.

Q. Yes?—A. Off hand I cannot give it to you but I can submit that with the other data you wish from me if you desire it.

Q. You say that the quality of flour which goes into the loaf is not the same?—A. That is correct.

Q. What is the difference between these two?—A. I did not get that.

Q. What is the difference between the two?—A. Well, as you know, the milling industry designates the quality of their flours as first patent, second patent and so on; and the special flour is of a higher grade than the other flours shown. There are just the regular second patent figures.

The CHAIRMAN: Are there any other questions? There is not very much profiteering in this case.

Mr. JOHNSTON: He is selling his bread at the same price as the others.

The CHAIRMAN: Pardon.

Mr. JOHNSTON: You say there is not much profiteering.

The CHAIRMAN: I would say on the basis of the evidence there is not much evidence of profiteering.

Mr. JOHNSTON: We have not had their financial statement yet.

The CHAIRMAN: Yes, I said based on this evidence.

Mr. JOHNSTON: The fact is though that he is selling his bread at the same price as the others.

Mr. FLEMING: You have the financial position on page 11.

Mr. JOHNSTON: Not for the over-all.

The WITNESS: Page 11 covers the operation on bread, sweet goods and cakes. The over-all is in that.

Mr. JOHNSTON: The over-all?

The WITNESS: Yes.

By Mr. Johnston:

Q. I would like to ask one question about this keen competition, I am a little bit worried about this keen competition.—A. So am I.

Q. I am glad you are. Where does that keen competition come in. The fact is that the price is pretty uniform on all bread sold by the different bakeries?—A. Does that not denote the keenest type of competition.

Q. I do not know whether it does or whether it denotes a combine. The point is this, that the only place where your keen competition would come in would be on your endeavour to get the greatest volume of sales. All your prices are practically the same.—A. How could there be any difference when our costs are so close?

Q. Well, of course A & P do not agree with you there, they maintain that they are making a satisfactory profit on the 10-cent loaf, all the other bakers say they can not possibly make a profit on the 10-cent loaf?—A. I also say that.

Q. I beg your pardon?—A. I also say that.

Q. Of course, their financial statement did show that they were making a profit.

Mr. HARKNESS: But, Mr. Johnston, I would remind you that we never had a breakdown of their financial statements so we could not tell whether they made a profit or not.

The CHAIRMAN: There is the division bell, gentlemen.

Mr. JOHNSTON: They did say they were satisfied with the margin of profit they were making on their bread.

The CHAIRMAN: There is no doubt that they said that. We will have to see if we can get more information on that point in another way.

Mr. JOHNSTON: When I hear this word "competition" I am just a little bit suspicious.

Mr. FLEMING: May I refer Mr. Johnston to what Mr. Taylor said at page 556 of the evidence:

Competition, of course, can take a variety of forms. In some areas price competition is at least partially replaced by what we commonly call service competition. I would say further for what it is worth as a general impression that the baking industry is pretty competitive. It is, of course, one of the paradoxes of the competitive system that if you have perfect competition you must have uniform prices in the sense that prices must settle down to a uniform level. It is an old economic dogma that you cannot have two prices for the same goods at the same time in the same market if you have perfect competition.

The CHAIRMAN: We will now adjourn for the vote.

On resuming.

The CHAIRMAN: Mr. MacInnis:

By Mr. MacInnis:

Q. Referring to page 7 may I ask Mr. Manning what type of vehicle they use for delivery? It is under delivery expense, the lower set of figures.

The CHAIRMAN: What Page?

Mr. MACINNIS: Page 7.

By Mr. MacInnis:

Q. I note that vehicle expense increased by about 35 per cent, or pretty close to that, from October, 1947 to January, 1948. What constitutes that increase? —A. Well, we handle our deliveries by wagons and trucks. Horse and wagon expense is broken down into one category and the truck expense is broken down into another category. Under horse and wagon expense there are stable wages, horse feed, shoeing and veterinary, stable supplies, wagon and maintenance repairs, depreciation and insurance.

Mr. MAYBANK: I think you went over that horse pretty fast for the reporter. Your horse was going pretty fast.

The WITNESS: They do not as a rule do that. Shall I repeat it?

Mr. MACINNIS: Yes. It comes under this heading, vehicle expense. Is that motor driven or horse?

The WITNESS: That would be truck expense, and the wages and wagon expense would be on the other.

By Mr. MacInnis:

Q. What particular part of the truck expense would cause this high increase in expense?—A. I could not answer offhand but I can run over the items under truck expense. I would say truck repairs are not increased over the year. Gas and oil would definitely increase. Truck licences would not change. Tires and tubes, negligible; garage wages are up slightly. Depreciation would increase because we got quite a number of new vehicles during the year.

The CHAIRMAN: Mr. MacInnis, I do not want to suggest anything to you but the total cost at January 31, as compared say with September 13, 1947, is quite different, almost 3 cents.

Mr. MACINNIS: Included in that is the increase in materials.

The CHAIRMAN: Oh, yes.

Mr. MACINNIS: The increase in flour would be the major part of that.

The CHAIRMAN: Mr. Winters, you had some questions.

By Mr. Winters:

Q. I wanted to ask the witness if the company is showing a profit for this present month at the 14-cent price.—A. I could not answer that until we get the figures which I expect will be after next week.

Mr. FLEMING: He said he would furnish that later.

Mr. WINTERS: In the absence of that that is all I have.

The CHAIRMAN: Any other questions? I think that is all.

The WITNESS: Thank you, sir.

The meeting adjourned to resume on Friday, March 12, 1948, at 11 o'clock a.m.

APPENDIX

EXHIBIT No. 48, March 11, 1948

GEO. WESTON BREAD AND CAKES LIMITED AND ITS SUBSIDIARY
DIETRICH BAKERIES LIMITED

CONSOLIDATED FINANCIAL STATEMENT, DECEMBER 27, 1948

EDWARDS, MORGAN & CO., Chartered Accountants

To the Shareholders

George Weston Bread and
Cakes Limited.

We have audited the Consolidated Balance Sheet of your Company and its subsidiary as at December 27, 1947, and certify that our requirements as Auditors have been complied with.

The annexed Consolidated Balance Sheet is, in our opinion, properly drawn up so as to exhibit a true and correct view of the combined position of your Company and its subsidiary at December 27, 1947, and as shown by the books of the Companies.

EDWARDS, MORGAN & CO.
Chartered Accountants.

February 12, 1948.

Consolidated Balance Sheet.

GEO. WESTON BREAD AND CAKES LIMITED(Incorporated under the laws of the Province of Ontario)
and its subsidiary
Dietrich Bakeries Limited**CONSOLIDATED BALANCE SHEET**

December 27, 1947

ASSETS**CURRENT ASSETS:**

Cash on hand and in banks.....	\$ 273,002.37	
Accounts Receivable less Reserve for Doubtful Accounts.....	95,173.37	
Inventories, as determined and certified by the Management; Raw Materials and Supplies at cost, Finished Goods at less than market, less Wartime Reserve.....	159,871.14	
		\$ 528,046.88

REFUNDABLE PORTION OF EXCESS PROFITS TAX..... 23,012.58

PREPAID AND DEFERRED ITEMS..... 11,253.26

FIXED ASSETS:

Land, Buildings, Plant and Equipment.....	2,263,859.17	
Deduct:		
Reserve for Depreciation.....	949,756.50	
		1,314,102.67

GOODWILL, PATENTS AND DRAWINGS..... 357,798.09

\$ 2,234,213.48**LIABILITIES****CURRENT LIABILITIES:**

Accounts Payable and Accrued Items.....	\$ 263,053.19	
Taxes.....	10,591.32	
		\$ 273,644.51

GEORGE WESTON LIMITED:

Notes Payable.....	729,295.00	
Mortgages Payable.....	186,000.00	
Bond and Mortgage, Interest Accrued.....	19,300.00	
Current Account.....	318,976.40	
		1,253,571.40

SALESMEN'S GUARANTEE DEPOSITS..... 19,419.00

FUNDED LIABILITY:

Fifteen Year 5% First Mortgage Bonds due April 1, 1947—		
Authorized, Issued and Outstanding.....		200,000.00

SHAREHOLDERS:**Capital Stock—**

Preferred 6% Cumulative Par Value \$100.00.

Authorized and Issued..... 1,656 shares

Deduct: Redeemed..... 901 shares

Outstanding..... 755 shares..... 75,500.00

Common, No Par Value.

Authorized and Issued, 50,000 shares..... 500,000.00

Surplus Accounts—

Capital Surplus.....	\$ 18,413.03	
Earned Surplus.....	92,520.98	
Deferred Earned Surplus.....	23,012.58	
		87,921.43

487,578.57\$ 2,234,213.48

Certified as per our report of this date.

Edwards, Morgan & Co.
Chartered Accountants.

February 12, 1948.

SPECIAL COMMITTEE

GEO. WESTON BREAD AND CAKES LIMITED
and its subsidiary
Dietrich Bakeries Limited

CONSOLIDATED EARNED SURPLUS ACCOUNT

For the fifty-two weeks ending December 27, 1947

Balance at credit, December 29, 1946.....	\$ 223,076.94
<i>Deduct:</i>	
Dividend paid on common stock.....	223,076.94
Net loss for the period as per Statement of Income and Expenditure.....	\$ 90,627.58
Adjustment of prior period.....	1,529.67
Life Insurance adjustment.....	363.73
Deficit, December 27, 1947.....	\$ 92,520.98

CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE

For the fifty-two weeks ending December 27, 1947

Net Operating Profit before deducting Remuneration etc., Depreciation, Interest, Income and Excess Profits Taxes.....	\$ 50,509.09
<i>Deduct:</i>	
Remuneration of Executive Officers.....	\$ 16,000.00
Reserved for Depreciation.....	105,836.67
Interest on Funded Indebtedness.....	19,300.00
	141,136.67
Net Loss for the fifty-two weeks carried to Earned Surplus.....	\$ 90,627.58

CONSOLIDATED TRADING STATEMENT

For the fifty-two weeks ending December 27, 1947

Sales.....	\$ 4,380,721.93
<i>Deduct:</i> Wholesale Allowances, Stale, Cripples, etc.....	426,949.63
	\$ 3,953,772.30
Cost of Goods Sold—	
Ingredients.....	1,688,735.03
Shop Expense.....	693,806.13
Goods purchased for resale.....	64,903.56
	2,447,444.72
Gross Profit.....	1,506,327.58
<i>Deduct:</i>	
Administrative Expense.....	249,145.07
Route Expense.....	968,554.03
Vehicle Expense.....	399,994.36
	1,617,693.46
<i>Less:</i> Miscellaneous Income.....	20,738.30
	1,596,955.16
Net Operating Loss.....	90,627.58
<i>Add:</i>	
Expenditure Items shown in Statement of Income and Expenditure—	
Remuneration of Executive Officers and Legal Advisers.....	16,000.00
Reserved for Depreciation.....	105,836.67
Interest on Funded and Other Indebtedness not maturing within one year.....	19,300.00
	141,136.67
Net Profit before deducting Remuneration of Executive Officers etc., Depreciation, Interest and Income and Excess Profits Taxes.....	\$ 50,509.09

SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 23

FRIDAY, MARCH 12, 1948

WITNESSES:

Mrs. R. J. Marshall, President, Canadian Association of Consumers,
Agincourt, Ontario.

Mrs. F. E. Wright, Corresponding Secretary, Canadian Association of
Consumers, Port Credit, Ontario.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY

1948



MINUTES OF PROCEEDINGS

FRIDAY, March 12th, 1948.

The Special Committee on Prices met at 11.00 a.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Cleaver, Fleming, Harkness, Irvine, Johnston, Lesage, MacInnis, Martin, Maybank, Mayhew, McCubbin, Merritt, Pinard, Winters.

Mr. H. A. Dyde K.C., Counsel to the Committee, in attendance.

Mr. P. Manross, M.P., by leave of the Committee made a brief statement.

Mrs. R. J. Marshall, President, and Mrs. F. E. Wright, Corresponding Secretary, Canadian Association of Consumers, were called and sworn.

Mrs. Marshall read a brief, and with Mrs. Wright, was examined thereon. Mrs. Marshall filed,

Exhibit No. 50—Copy of brief and attachments identified as Appendices A, B, C, D, E, F, G, H. (*Appendices G and H printed immediately following the brief*).

Exhibit No. 51—Memorandum re study of effect of increased cost of living on family life, by the Family Service Bureau of Hamilton, as compiled by Kunio Hidaka, M.A. (*Printed as an Appendix to this day's proceedings*).

At 1.00 p.m., witnesses retired and the Committee adjourned to meet again at 4.00 p.m. this day in Executive Session, and on Monday, March 15, at 11.00 a.m., in public session.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

MARCH 12, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Chairman, Honourable Paul Martin presided.

The CHAIRMAN: The meeting will come to order.

Mr. MANROSS: Before you proceed, as a private member, I wonder if I might have the permission of the committee to ask a question. I know I have to have the permission of the committee.

The CHAIRMAN: I think so, Mr. Manross. You are a member of the House. What is it?

Mr. MANROSS: I should like to ask the committee to put the investigation of the price of fuel oil for domestic heating as close to the top of their agenda as it is possible in view of the fact there are only about two and a half months to go and it is a very important part of the cost of living. Distributors of fuel oil have sent out circulars increasing the price from 17½ cents to 28 cents due to the fact that they say there is a severe shortage and import restrictions. There is no shortage of 28-cent oil. You can get all you want. I do not know where the shortage is, and there are no import restrictions. It is not on the banned list at all. There is no import restriction whatever. I wonder if the committee would give their attention to it as early as possible.

The CHAIRMAN: I may say that the committee has considered that matter and is going to consider it further today among other things. We will note your representations.

Mr. MANROSS: Thank you.

The CHAIRMAN: Gentlemen, we have with us this morning the executive of the Canadian Association of Consumers who have circulated the brief which I believe is in the hands of members of the committee. We have with us Mrs. Marshall, the president of that organization, and Mrs. Wright, who is the corresponding secretary. We will now proceed with them.

Mrs. R. J. Marshall, President, Canadian Association of Consumers, called and sworn.

Mrs. F. E. Wright, Corresponding Secretary, Canadian Association of Consumers, called and sworn.

Mr. DYDE: Mrs. Marshall, you have prepared some material to put before the committee, but before we deal with that, or before I ask you to read it, may I ask you some general questions with regard to the Canadian Association of Consumers?

Mrs. MARSHALL: Certainly.

Mr. DYDE: Will you describe that association and when it was formed.

Mrs. MARSHALL: Mr. Chairman, the whole background of the Canadian Association of Consumers is in appendix A in connection with the brief in questions and answers. I may say that in September of last year, the 29th and

30th, representatives of our fifty women's organizations, national organizations and major French-speaking groups, met here in Ottawa. Out of that national conference grew the Canadian Association of Consumers, a permanent consumer association.

Mr. DYDE: Would you describe your membership, how it is made up?

Mrs. MARSHALL: The membership of the association is individual membership open to every woman in Canada no matter where she lives, in a remote area or in one of the large cities, regardless of whether she belongs to any other organization or association or whether she just wants to come in as an individual. It is actually an association of Canadian consumers.

Mr. DYDE: You have an executive for the association, and I understand that you are the president. Would you tell the committee, please, the other officers?

Mrs. MARSHALL: The executive of the association consists of a president, two vice presidents, a recording secretary, a corresponding secretary and a treasurer. The board of directors is made up of 15 representatives of national organizations and 10 provincial representatives. It is made up of urban and rural women, and has no relation to politics or creed or employment or situation in life. They were chosen by the women themselves at that first conference. By the way, the list of the people attending the conference is in this brochure, and the names of the board of directors. Five additional names are being added as members at large.

Mr. DYDE: And the addresses of the various officers are also in appendix A, are they not?

Mrs. MARSHALL: Yes, they are all here, and in the list of those who attended they are listed under organizations that they represent, and the V is for the voting delegate. The other is for a representative, but the addresses and names of all the board of directors are in the appendix.

Mr. DYDE: Are you a nation-wide organization?

Mrs. MARSHALL: Absolutely. The board of directors also is made up of members from Charlottetown, Prince Edward Island, right through to Victoria. Every province is represented.

Mr. DYDE: Have you been active in inquiring in all provinces in connection with your work?

Mrs. MARSHALL: Yes. Before any matter is brought forward or sent down for study it has been asked of us by members from the various provinces.

Mr. DYDE: Now, Mrs. Marshall, I come to the brief. This is prepared by your association for the purpose of presenting to this committee?

Mrs. MARSHALL: Yes.

Mr. DYDE: I think we should exhibit that as exhibit 50.

EXHIBIT No. 50: Brief of the Canadian Association of Consumers. With attached appendices.

Mr. DYDE: I will ask Mrs. Marshall to read the brief.

Mr. PINARD: Before Mrs. Marshall proceeds with the reading of the brief I wish to express my appreciation to the association for having presented that brief both in French and in English. I think it is a very good example that might be followed by others who may be interested in presenting briefs before this committee.

Mrs. MARSHALL: Thank you.

Mr. JOHNSTON: What is exhibit 50?

Mr. DYDE: The whole brief with attachments.

Mrs. MARSHALL: Mr. Chairman, before presenting the brief may I say something I think is rather important. It is that every member of the executive and the board of directors is serving in a voluntary capacity.

The CHAIRMAN: Yes.

Mrs. MARSHALL:

Mr. Chairman and Gentlemen: On behalf of the Canadian Association of Consumers, set up by more than fifty national women's organizations and the major French-speaking groups at a national conference held in Ottawa, September 29 and 30, 1947, we appreciate the opportunity of appearing before the Special Committee on Prices and presenting the point of view of Canadian consumers, whether farm women, office workers, women in industry, housewives, or whoever they may be. Full information regarding the background of our association and its aims, objects and program are contained in "Questions and Answers", attached as Appendix A. You may be interested also in having the first copy of our bulletin, "The Canadian Consumer", which goes out to all our members, attached as Appendix B.

In our presentation we propose to list for you:

1. The various actions taken by the Canadian Association of Consumers in respect to the high cost of living.
2. Some of our findings in regard to the effects of high prices, and
3. Some of the questions consumers are asking and suggestions they are making.

I—Action Taken

(a) On October 1, 1947, the day after we were organized, a brief was presented to the Honourable the Acting Minister of Finance requesting that everything possible be done to check the inflationary trend, particularly by bringing down the prices of essential foods like bread, milk, meat and butter, and that the subject of prices be given precedence at the next session of parliament. (Copy of the brief is attached as Appendix C.)

(b) On November 27, 1947, representations were made to the Minister of Finance concerning the high prices of fresh fruits and vegetables and the Association offered its assistance in maintaining controls on canned vegetables.

(c) On December 21, 1947, representations were made to the Honourable the Ministers of Finance and Agriculture urging that a price ceiling be placed on butter for the storage period.

(d) Briefs have been presented by the Canadian Association of Consumers groups in Alberta, Ontario, Manitoba, British Columbia and Quebec to their respective provincial governments or agencies concerning the high prices of fluid milk to the consumer. (Report of action taken as at January 20, 1948, is attached as Appendix D.)

(e) On January 14, 1948, following an emergency session on prices, a brief was forwarded to the Right Honourable the Prime Minister and the Honourable the Ministers of Finance, Labour, Trade and Commerce, and Agriculture, with copies to all members of parliament, urging that an immediate limited emergency program be put into effect to stem the inflationary trend,

- (i) through selective price controls on essential foods;
- (ii) through the lifting of import restrictions on essential vegetables, such as cabbages and carrots;
- (iii) through reimposition of subsidies on hard wheat and coarse grains, if this was necessary to bring down the prices of bread, milk and dairy products to consumers;

and furthermore urging that the government call a conference of representatives of agriculture, labour, industry, consumers and government, and that consideration be given at the conference to setting up a prices investigation committee.

At the same time, women were urged to buy only what they need, use everything they buy and to "save waste". (Copy of the brief is attached as appendix E.)

(f) On February 12, 1948, a brief was presented to the ministers concerned asking the government to lift the sales tax on essential food and clothing and to continue the controls on commercial rents for another year. (Copy of the brief is attached as appendix F.)

II—The Effects of High Prices

We are aware of the excellent statistical information which your committee already has on the cost of living picture on the national level. Does this accurately reflect the effects of the rapid rise in the cost of basic commodities on Canadian living, particularly among low-income and marginal and fixed income groups, and more particularly in the case of the larger families? It would appear from the cost of living index that where the average housewife in urban areas would have paid one dollar for food between 1935 and 1939, and \$1.30 in February 1945, she must now pay \$1.86.

We think you would like to have for your information, a survey made by the Visiting Homemakers Association of Toronto, in early February. This statement of food prices, attached as appendix G, gives an estimate of the minimum adequate weekly food list for a family of five in February 1948 as \$17.08, as compared with an estimate for February 1945 of \$11.62, an increase of 47 per cent.

A more exhaustive study of the effect of the increased cost of living on family life was made by the Hamilton Family Service Bureau in November and December 1947. It appears to point up certain very significant conclusions, although it constitutes a small sampling of our population. It covers 70 families of an average size of 5.8 persons, with an average income of \$1,820 (in 1947). This survey showed:

- (i) Most families spent from 24 to 39 per cent of their income or amounts ranging from \$24 to \$45 for food per month per family in 1939, but must now spend 40 to 80 per cent of their income and from \$50 to more than \$100 per month for much the same standard of food.
- (ii) It is not uncommon for families to spend more money and a greater percentage of income on food alone now than for food, shelter and fuel in 1939.
- (iii) Families are now re-apportioning their budgets in favour of the immediately consumable necessities, like shelter, food and fuel to the neglect of clothing, personal care, etc., which can be deferred. About one-half of the persons in the \$100-to-\$399-per-person-per-year-income report no clothing expenditure as against average expenditures of \$8 to \$15 per month in 1939.
- (iv) Because of the gap between prices and incomes many families are now reducing their purchases of essential food products. For example, half the families reported lower milk consumption in most cases by one or two quarts per week, and in some cases by as much as eighteen quarts, per week. Bread purchases were reduced by one to seven loaves per week by 15 families.

Thirty-nine families, or 55 per cent bought from one-quarter to three pounds less butter per week, and 24 families, or 34 per cent used fewer eggs. I quote

from the report: "It would appear that lowering standards have reached the point where families cannot buy more bread as a substitute for higher priced commodities, but have to reduce the quantity of bread as well."

The Hamilton survey also indicated that in order to maintain even the 1939 standard of living the average income of \$1,820 for the families investigated must be raised to \$2,219 per year. It showed, moreover, that earnings of the main wage earner were being supplemented by cashing bonds, taking out loans, making purchases on credit, mothers working, work permits for juveniles and extra work by the father.

These surveys and widespread reports which we have had from consumers lead us to believe:

- (a) Family living costs have increased to a much greater extent than wages and family income;
- (b) The standard of living is being lowered;
- (c) Many families are reducing the quantities of their food purchases below an adequacy for nutritional health;
- (d) Excessively high prices, particularly of essential commodities, are likely to result in many families exhausting their savings, going into debt or over-extending themselves in instalment buying.

The Canadian Association of Consumers is concerned with sound economy in the home and we recognize also that it is a contributing factor to economic stability in the nation. We are vitally concerned also that our Canadian people should in this land of plenty have the essentials for health and well-being at prices which they can afford to pay.

III—Questions and Suggestions

Mr. Chairman, we are glad that the terms of reference provide your committee with sufficient scope to disclose all the fundamental factors in the rise of prices and living costs. We note that at the conclusion of your inquiry into bread, you propose to inquire into other staple commodities of life including butter, meat, vegetables, shoes and clothing.

We feel that any value our appearances may have before your committee is in indicating to you elements in our daily living which are causing women throughout the various parts of Canada the greatest concern and in suggesting to you the questions in the minds of those who are actually doing the buying.

Because of the increasing complexity of our economic system and the ramifications of the productive and distributive processes, it is difficult, if not impossible, for the average consumer to know what she is paying for in the price of the article bought.

The CHAIRMAN: I can tell you that I believe every member of this committee has a wife and I know that every one of those wives supports what you are now saying.

Mrs. MARSHALL: That is fine.

Recent price inquiries appear to reveal that a large factor in price is the cost of service to the consumer which she might be ready to have limited if she knew how much it was adding to the price. At the same time extra costs are added to provide incentives for consumers to buy specific brands or products, for instance, eye appeal, "snob" appeal, excitement in stores, "soap operas", fancy packaging, etc.

The Canadian Association hopes to be of service to consumers through trying to keep them informed of commercial and industrial practices which affect their purchases, so that if free competitive activity is maintained, they may have freedom of choice. Free competitive enterprise can only be maintained success-

fully, we believe, if all the groups within the economy are equally well-informed, and we consider that the deliberations of your committee should be of greatest assistance to the consumers.

The following items which are causing concern have been brought to our attention by our provincial representatives on the basis of reports from consumers in their areas:

1. Bread

We have been watching with interest the evidence in connection with your inquiry into the price of bread. We would like to make reference to certain points contained in it and certain observations of consumers since the inquiry began.

According to evidence on page 597, the cost of the ingredients of a loaf of bread sold by General Bakeries based on Montreal prices, as of February 17, was 5.357 cents. And yet this bread cost the consumer 14 cents. Would it be possible for us to have a breakdown of the other part of the 14 cents, as to labour, wrapping, labelling, sales costs, taxes, bond interest, advertising, etc.

We are interested in the statement of a representative of Loblaw Groceries Limited on page 358: "We could not afford to sell all our bread at the same margin as we sell the Cottage loaf. The Cottage loaf should not be sold for the best margin because it is not sound business to sell at such a low margin. We only sell a 10-cent loaf because of competition." Later, on page 386, the witness (Mr. Meech) suggests that Canada Bread is sold for the price it is because "that type of bread commands throughout the trade that price. In the grocery business prices are often very much influenced by what other people sell the same commodity for and when we find that this popular loaf with a wide distribution is being marketed by others, being sold from bakers' wagons at that figure, we do not believe it would be good business to take less than what that price offers, particularly when the mark-up is in line with our own mark-ups generally."

From the consumers' point of view it looks as if it would be difficult to justify taking a mark-up of 3.55 cents in Ottawa and 3.65 cents in Toronto on Canada Bread, as compared with only one cent on the Cottage loaf when the evidence suggests the cost to Loblaw's of handling Canada Bread is certainly no higher per unit than the cost of handling the Cottage loaf. Can this be justified?

It appears from the evidence given by Mr. Bird of the A and P (Page 678) that he considered the 13 per cent gross margin on the sale of bread at 10 cents a loaf as at February 13, 1948, was reasonable.

We would like to know how much the cost of advertising enters into the price of bread to consumer? What proportion of the total cost, and what proportion of the increase in cost is due to advertising expenditure? On page 373 we read: "You must take into consideration that Canada Bread Company have to advertise their breads in competition with others. We do not have to advertise our bread. We put it on the shelf. They have such competition in the sale of their bread that they must have a larger percentage of return. . . ." And again on page 396, Mr. Meech stated: "We have been told that owing to increased advertising, increased costs of ingredients, they have to increase their cost to us."

We are noting more and more advertising of bread in newspapers and magazines. We think you may be interested in seeing three advertisements which have recently appeared. I have two of them with me. One is from *Maclean's* magazine of this week and the other is from the *Star Weekly*. They are both full page advertisements, as you will notice.

I may also say that there was another advertisement in an Ottawa paper last night advertising bread for 9 cents at the Byward Food Market.

Two of the advertisements I referred to are entitled "These Bread Dishes make Budgets Happy" and have been prepared by the makers of Fleischmann's Yeast as a "contribution to the advancement of national health." The third is sponsored by "Bakery Foods Foundations." Could we have information as to the nature of this organization?

One of the things we as consumers are concerned about is that prices should be fair and reasonable, and that there should be fair and reasonable returns all the way along the line. Consumers are noticing that since your committee started to make its investigations into bread prices, more and more independent and local general stores are selling bread at 10 cents. Does this mean that some bakeries are likely to be forced out of business? Or does it mean that undue profits or wasteful practices are being eliminated and bakeries are finding they can produce bread for retail sale at 10 cents?

What is happening to the driver's pay cheque? (Some of the delivery men in Ottawa have suggested to consumers that if the price were reduced to 10 cents, they would lose their means of livelihood.) Are they and their families being victimized by this sudden swing?

Other questions which we would like to ask are:

Why is it that A and P say they can sell bread at 10 cents a loaf and are satisfied they make a profit when some other chain stores maintain that at that price they do not get a satisfactory margin? It would be interesting to know what margin small independent retailers are getting and how they arrive at their selling price?

What is the relation between volume of sales and price?

Is the consumer paying for competitive expansion? Is competition pushing costs up, in other words?

What proportion of overhead is charged against bread as compared to cakes and confectionery?

Would it not be a good idea to have representatives from the smaller individual bakeries appear before your committee since most of the 3,000 bakeries in Canada are small? Also some of the larger independents?

How many large bakeries are owned or controlled by milling companies and how many by confectionery and biscuit concerns, or have interlocking directorates?

We are glad to note that your committee has asked for analyses of the different qualities of bread and we hope that this information will be available to the public. We should like to see the main points of this information printed on the wrapper of the loaf of bread, indicating the grade or standard without adding to the cost.

If competition is not working to keep down the price to the consumer to a reasonable level and since the price level for wheat has already been set, would a subsidy on hard wheat help to bring down the price of bread, "the staff of life"?

2. Flour

We have many reports of the practice of flour milling companies requiring feed dealers and farmers to purchase a proportion of flour as a prerequisite to obtaining their requirements of millfeeds. We feel that this constitutes an unfair situation in respect to prices as well as great waste in the face of human need in European countries and we would like to protest this wasteful practice. We would also like to know what bearing it has actually on the price picture in relation to millfeeds and flour.

3. Milk

Since milk is the most perfect food available, we are concerned with the high price which is being charged consumers for fluid milk in most urban areas

across Canada. We realize that milk prices are a provincial matter, but we feel that milk is of such vital importance to the health of our people that it must have a place for discussion in any national investigation into the price picture. We have reason to believe that high prices are resulting in the reduction of fluid milk consumption. For example, the monthly fluid milk sales on a thirty-day basis in Ontario dropped substantially with the increase of the price of milk on December 1. The following table shows the amount of the fluid milk sales along with the retail fluid milk prices in Ontario in October, November and December, 1947:

	Sales in Millions of Quarts	Prices Per Quart
October	35,982,000	15·2
November	35,685,000	15·3
December	33,682,000	16·8

These figures have been provided by the National Dairy Council of Canada and are supplemented with a chart from the same source showing the trends in fluid milk consumption in Ontario during the years when prices were lower to the consumer and following the withdrawal of the consumer subsidy. (This graph is attached as appendix H.) You will note a sharp drop in consumption following the removal of the consumer subsidy. Mr. Chairman, we are concerned about this, believing as we do, that the health of the children of this country is dependent to a very considerable extent on an adequacy of fluid milk. For many years the Department of Health and Welfare as well as the nutritionists and medical men throughout this country have been urging Canadians to drink more milk. Will Canada's nutritional needs be met if consumption is curtailed as the result of high prices?

Are there any studies which your committee can make, in spite of the fact that the price of milk is controlled by the provinces, which can help to encourage lower-priced milk at the consumer level? Could you ascertain the cost of service to the consumer, and would a subsidy on coarse grains help to keep down the price of milk?

4. Butter

While the Canadian Association of Consumers urged that the price of butter be controlled during the winter months, in other words, during the storage period, and the government has since placed a ceiling on butter, we have had widespread complaints about the high ceiling price. But mainly, we are concerned with what has happened to the butter produced in Canada since June, 1947.

We are glad to note that your steering committee has been requested to obtain complete information with respect to the speculation in or hoarding of butter during the last five months.

5. Fresh Fruits and Vegetables

Following the announcement of import restrictions on November 17, 1947, the prices of domestic fresh fruits and vegetables soared "overnight". Could an investigation of the causes of this be made in order that steps may be taken to prevent this sort of thing happening again?

We have made no mention here of meat. I should like to say, while there is no statement in this brief concerning meat, we desire you to know it is a matter of grave concern to all women. We know that the subject of meat prices and price controls is under advisement and it was for that reason we have not put it in the brief. We hope when the announcement of the ceiling is made, it will be satisfactory to the consumer.

The CHAIRMAN: May I just ask you, in that connection, do you recommend strongly that we go into the question of meat?

Mrs. MARSHALL: I think it would be advisable, Mr. Chairman, yes.

Mr. FLEMING: I think a supplementary question should be asked. How urgent do you rate the inquiry into milk compared with the inquiry into some of these other staple foods? I am trying to rate the priority you give these various foods. How do you rate meat?

Mr. MAYBANK: May I draw your attention to the fact you spoke of milk at first and then you spoke of meat? I believe you meant meat?

Mr. FLEMING: Yes, it was meat I meant throughout.

Mrs. MARSHALL: May I ask Mrs. Wright to answer that question, since she is our economist?

Mrs. WRIGHT: Madam Chairman, I think—

The CHAIRMAN: I am honoured.

Mrs. WRIGHT: I am sorry, but I am used to speaking to groups of women. I think if you look at the minimum adequate weekly food list as provided by the Visiting Homemakers' Association, which is appendix "G", you will see the largest amount of expenditure is on milk.

Mr. FLEMING: I was thinking about meat.

Mrs. WRIGHT: Yes, and the next largest amount is for meat and then fish.

Mr. JOHNSTON: I notice that on page 6 of the brief you have some items listed. Were they listed in order of importance? On page 6, in the last part of the first paragraph, you have mentioned butter, meat, vegetables, shoes and clothing. Are those items listed in order of importance?

Mrs. WRIGHT: No, I think that was just a list without any reference to order of importance. I do not think we have given very much consideration to the importance of priority in discussion because we feel all these basic commodities are extremely important. Some people spend more on meat and some people spend more on milk. I believe it would vary according to the individual standard of living and whether there are children in the home. However, they are all basic commodities for every consumer.

Mrs. MARSHALL: I shall continue with the brief.

6. Household Necessities

Many reports from consumers indicate that many articles essential in the home are either unprocurable or still poor in quality and exorbitant in price, e.g., unbleached cotton sheeting. One example may be taken from mail order catalogues of the T. Eaton Company, Limited, as follows:

Unbleached Cotton Sheeting		1946-7	1948
Medium Quality—73 inch width	.....	\$ .37	\$.69
“ “ —82 “ “	.....	.42	.79
Heavy quality —73 “ “	.....	.51	.98
“ “ —82 “ “	.....	.57	1.10
“ “ —90 “ “	.....	.63	1.20
Best Quality —66 “ “	.....	.55	1.05
“ “ —76 “ “	.....	.65	1.20
“ “ —85 “ “	.....	.70	1.35

We realize there has been a very substantial increase in the price of raw cotton as noted on page 59 of the minutes of proceedings, but wonder if there are other factors which enter into the increase in price of unbleached cotton sheeting?

In this presentation we are concentrating on the questions being asked by larger numbers of consumers. But one from Regina, which is merely the question of an individual consumer, appears worth repeating: "Why should I pay 15 cents

for a 200-yard spool of white machine cotton when I prefer the 650-yard spool for 29 cents? It takes a lot of white machine cotton to make sheets from flour bags. Why are the 650-yard spools not available?" Why also are we getting such poor quality in sewing thread at the existent high price?

The CHAIRMAN: We often notice that ourselves. Our wives sew buttons on our shirts, but they do not stay on very long.

Mrs. MARSHALL: And there are knots in the thread. Then, too, the thread breaks easily. The quality is not there, considering the high prices charged.

We are concerned also about the high costs and poor quality of the "less expensive" furniture. Complaints come to us, particularly from newlyweds, veterans, etc. The cost of electrical equipment and hardware items bears heavily on those with low and moderate incomes. We would welcome a study of the costs and prices of lower-priced furniture, and of electrical equipment and hardware items which come within the category of essentials.

7. Clothing

The most widespread complaint of consumers everywhere is the high price and low quality of children's shoes. Can a proper relationship between the price and quality be established? We maintain that low quality constitutes a hidden price rise. We have reports that some children's shoes on the market today are so constructed that they cannot be re-soled. Do costs warrant the present price of children's shoes? Mothers are finding it a hardship also to provide underwear, stockings and outer garments for their babies and young children. They claim that the costs of ready-made garments are excessive, (poor workmanship for the price), that flannelette is high in price and of poor quality, and that for their 10 and 11-year old girls they are having to buy women's hose because the stockings for them are so short. The latter constitutes an increase in price. Some mothers asked for information on sample workable budgets in respect to children's clothing. We hope your committee may be able to throw light on the prices of children's garments and the relation of these to their wearability that will assist us in providing them with information.

Another instance of a hidden price rise is in the fact that belts of many women's dresses are lined with materials which cannot be washed or dry cleaned.

The most common complaint of men everywhere is that shirts have nearly doubled in price since the war. Is their price justified?

8. The Cost-of-Living Index

We realize that the Canadian cost-of-living index has a reputation throughout the world for reliability. We feel also that it serves a most useful purpose. But we are concerned as to whether it reflects adequately changes in the Canadian pattern of living since the base period.

We are told that the average Canadian has changed his habits of diet considerably in the last ten years, resulting in the consumption of proportionately more meat, more fresh vegetables, greater consumption of milk per person, etc. This, perhaps, can be explained by two main influences: higher purchasing power in the low-income brackets, and the persistent propaganda of our government health departments stressing the value of certain foods, e.g., dairy products, fresh vegetables and fruits, etc. Most Canadian mothers have come to believe these are necessary for healthful living.

The following Canadian food and nutrition statistics (1935-45), published by the Nutrition Division, Department of Health and Welfare (Book 2), shows the substantially higher use of these in 1945, as compared with 1938.

This table gives detailed estimates of average supplies of food apparently used by civilians in Canada, 1935-1945 inclusive, in terms of pounds-per-person-per-year, national average:

	1938 Pounds	1945 Pounds
Milk (Fluid whole)	350	404.2
Meat	118	140
Pork	37.7	55.2
Tomatoes and citrus fruits	59	95
Leafy green and yellow vegetables	44	52
Fresh cabbage and green vegetables	15.9 (1940)	24
Canned vegetables	6.7	11
Other vegetables	31 (1940)	52

These commodities for the most part are on the higher cost list and were not used in the same proportion in 1938. We note also, that no children's clothes are included in computing the index. This raises the question: How up-to-date is the food and clothing index in relation to actual living conditions?

We would like also to call your attention to the statement of Mr. H. Marshall, Dominion Statistician, on page 17, regarding the index budget. The survey families average 4.6 persons and total incomes were concentrated between \$1,200 and \$1,600, he said, and added that one in three families owned their own home and operated a motor car.

We question that people in that category today could afford to buy a home no matter how humble, and own a car, let alone afford the cost of operation.

Some Hon. MEMBERS: Hear, hear.

Mrs. MARSHALL: We are told that 65,000 items are priced for the purpose of the index. Are the prices "list" prices or actual prices? What allowance is made for degradation of quality in computing the index? What allowance is made for the disappearance of cheaper lines?

How often is the cost-of-living index for rural families compiled? We note that the last figure given by the Dominion Statistician was for August, 1947, and that it was some ten points above the figure for the same month for urban families.

Mr. MAYBANK: I wonder if there would be any objection to my making a little comment here, Mr. Chairman? I feel that we need to have an answer made soon and I am going to make a suggestion—I do not want to put it in the form of a motion—that we should consider asking Mr. Marshall at once to address himself to these questions and give us a statement which in turn we might pass on to the Association. I am not making that as a motion; I just thought it might be a good idea to throw out.

Mrs. MARSHALL: I am sure we would welcome it.

The CHAIRMAN: The secretariat should follow all these points up along the lines that Mr. Maybank has suggested and be prepared at as early a date as possible to make replies.

Mr. FLEMING: A number of these points were dealt with by Mr. Marshall when he was here.

Mr. MAYBANK: It might be a different sort of thing having it presented in this way, particularly as they have been so ably put—better than the piecemeal manner in which they were gone over when he was here. It is a suggestion and I feel sure the secretariat will follow it up.

9. Re-sale Price Maintenance

Mrs. MARSHALL: Mr. Chairman, we understand that a major function of the Combines Investigation Act is to assist in safeguarding consumers against unjustified price increases and unjustifiable high prices, and that competition at

the distributive level is recognized as a cardinal principle in safeguarding the public. As consumers, we would like to know whether competition in our economy is working freely? In our free competitive economy is it ever right for the manufacturer or wholesaler to tell the retailer what he should charge his public? What part does this play in the prices of consumer goods?

Mr. Chairman, we would like to see an examination made into other commodities than bread, e.g., soap flakes, matches, hardware items and electrical appliances in connection with re-sale price maintenance. We are not in a position to bring any evidence, but we are anxious to have more light thrown on the operations of business in a free economy. We feel that your committee should be very helpful in clarifying for the consumer the practice known as re-sale price maintenance and the way in which, and to what extent, competition in price among dealers protects or fails to protect the consumer. In the case of essential commodities such as bread and milk, if competition does not work to keep prices to the consumer down to reasonable levels, what other means could be adopted to achieve this purpose?

Mr. Chairman, we have presented to you problems and questions in the minds of Canadian consumers. We hope we have been helpful to you in your fact-finding deliberations and that your committee will be able to throw light on the questions which consumers are asking. We realize that external prices have an influence on the prices of many of the goods we buy. We are anxious, too, that all interests in the Canadian economy should have a "square deal". But we do not condone profiteering, hoarding, and excessive profit margins. We think also that ways and means must be found of guaranteeing our people an adequately high standard of living at prices they can afford to pay. We feel especially that the children of this country must not be victims of circumstances over which they have no control. We are primarily concerned with the well-being and stability of the Canadian family and their appreciation of the privileges and responsibilities in our Canadian democracy.

APPENDIX G

Visiting Homemakers Association,
511 Huron Street,
February, 1948.

MINIMUM ADEQUATE WEEKLY FOOD LIST

Food list for 2 adults—3 children—boys 6 and 12 years, girl 10 years
Cost per person per day .49

Food	Quantity	Average cost	Total cost
Milk (quarts)	25	.18	\$ 4.50
Cheese (lbs.)	1	.39	.39
Fresh fruit (lbs.)	12	.11	1.32
Apples .....	.08		
Bananas .....	.14		
Oranges .....	.15		
Grapefruit .....	.07		
Dried fruit (lbs.)	2	.19	.38
Raisins .....	.19		
Prunes .....	.19		
Green vegetables (lbs.)	3½	.07	.25
Cabbage .....	.07		
Spinach			
Lettuce			
Root vegetables (lbs.)	9	.07	.63
Carrots .....	.08		
Turnips .....	.05		
Onions .....	.08		
Beets			
Parsnips .....	.11		

MINIMUM ADEQUATE WEEKLY FOOD LIST—*Con.*

Food	Quantity	Average cost	Total cost
Dried vegetables (lbs.)	1	.14	.14
Navy beans .....	.15		
Lima beans			
Yellow peas .....	.13		
Green peas .....	.13		
Potatoes (lbs.)	17	.04	.68
Tomatoes (tins)	3	.23	.69
Eggs—A medium (doz.)	1½	.48	.72
Meat and fish (lbs.)	7	.37	2.59
Haddock .....	.39		
Cod .....	.35		
Salmon .....	.39		
Chuck roast .....	.39		
Hamburg .....	.29		
Lamb forequarter			
Round steak .....	.49		
Stewing beef			
Sausage .....	.39		
Flank steak			
Liver .....	.27		
Bread (loaves)	11	.10	1.10
Cereals (lbs.)	5½	.09	.50
Whole grain—			
Rolled oats .....	.07		
Refined—			
Flour .....	.05		
Pot barley .....	.08		
Pearl barley .....	.09		
Rice .....	.18		
Cornmeal .....	.13		
Farina .....	.07		
Macaroni .....	.10		
Use ½ whole grain—			
½ refined			
Butter (lbs.)	2¼	.71	1.60
Other fats (lbs.)	1½	.41	.62
Lard .....	.25		
Shortening .....	.30		
Bacon .....	.69		
Peanut butter .....	.39		
Sugar (lbs.)	1½	.09	.14
Other sweets (lbs.)	1½	.23	.35
Jam .....	.23		
Marmalade .....	.21		
Honey .....	.39		
Molasses .....	.21		
Corn syrup .....	.13		
Condiments .....			.48
			<u>\$17.08</u>

APPENDIX G

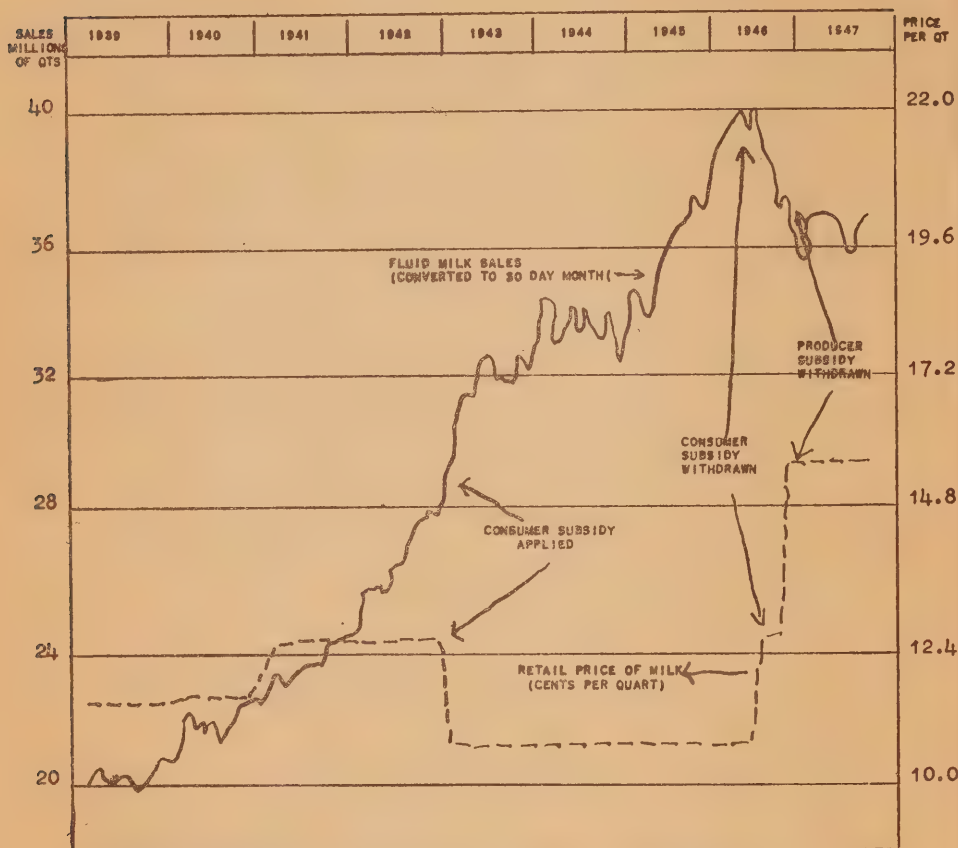
Visiting Homemakers Association,
511 Huron Street,
February, 1948.

SCHEDULE FOR ESTIMATING FOOD BUDGETS

Monthly amounts (4·3 weeks)

Man	\$17.63	Child 7-9 years	13.07
Woman	15.65	Child 10-12 years	14.62
Woman during pregnancy and lacta- tion	19.52	Girl 13-18 years	17.67
Child 1-3 years	9.50	Boy 13-18 years	18.66
Child 4-6 years	10.57	Infant to 6 months	5.29
		Infant 6 to 12 months	8.04

APPENDIX H

MONTHLY FLUID MILK SALES AND RETAIL FLUID MILK PRICES IN
ONTARIO FROM 1939 TO 1947

SOURCE: DATA OBTAINED FROM
PRICES BRANCH, DOMINION BUREAU OF STATISTICS
& STATISTICS BRANCH, ONTARIO DEPT OF AGRICULTURE

PREPARED BY:
B.A. CAMPBELL
NATIONAL DAIRY COUNCIL OF CANADA
12/11/47

Mr. MAYBANK: That is an excellent brief.

The CHAIRMAN: Before questions are put to you, Mrs. Marshall, I want to say on behalf of the committee that we are very grateful to you for coming at this time and for giving us this brief, which I think can be described as a very excellent one. We note your references to the committee, your commendation of its work and the effect that it can have and is having; and perhaps your association and this committee together can, before our work is done, which I am afraid will be a long way off, have much of the salutary effect which you note in your brief. I want also to congratulate you on the way in which you personally have presented this brief to the committee.

Mrs. MARSHALL: Thank you very much, Mr. Chairman.

Mr. DYDE: Mr. Chairman, I have no definite series of questions with regard to this brief. It seems to me it has put before us a large number of things which will be helpful to the committee and on which further investigation can be pursued; and I do not wish to, shall I say, deprive in any way members of the committee of an opportunity of asking specific questions on things that have come up. I therefore would be glad to give way entirely, if it is your wish, Mr. Chairman, because I am sure there are a lot of general questions that can be brought out.

Mr. FLEMING: Mr. Chairman, I have one or two points, particularly in the early pages of the brief. At the top of page 3 reference is made to the fact that the association has urged women to buy only what they need, to use everything they buy and to save waste. I suppose it is very difficult to get any statistical information on such a campaign, but is Mrs. Marshall in a position to make any comments on the success of that effort? Have you had any reports from your member organizations on that subject?

Mrs. MARSHALL: I would like to ask our corresponding secretary (Mrs. Wright) to answer that. Letters have come in, but I think that women are realizing that it pays to be thrifty and shop around and that the storekeeper really appreciates their interest in what they buy and their intelligent buying habits.

Mr. FLEMING: I can appreciate that it would be very difficult to get any kind of exact information. I was wondering if you had had any response.

Mrs. WRIGHT: Mr. Chairman, I do not think there is any exact answer to that because we have not made any survey. I may say that we are planning to do more work on the "save waste campaign" in our association in the next few weeks. We have our campaign fully outlined and we are doing something on making the consumer's dollar stretch and encouraging thrifty habits. That is one of the programs we have underway at the present time to go out to all national women's organizations and to our own members.

Mr. FLEMING: Then in the next paragraph you speak of having asked the government to lift the sales tax on essential food and clothing and to continue controls on commercial rent for another year. May I ask if you have made any study on the sales tax question, and if you have any detail to offer the committee on that?

Mrs. WRIGHT: We have not made any statistical study. We have discussed the matter with the authorities. We realize that the tax is supposed to be collected at the manufacturers' level. We are not technical experts and have not the information to find out how much of the tax would be passed on to the consumer, but we have no doubt in the prices that the manufacturer charges he gets sufficient to cover what he has to pay in sales tax. We feel that the sales tax of 8 per cent, which would be pyramided by distributors at the different channels, would probably amount to more than that in the final price

that is paid by the consumer for the articles on which the sales tax is levied. We know that the sales tax on things like processed meats, and so on, might be a hardship on people who have to use those for lunches, and on some of the clothing items we feel it might be a contributing factor, but we have no information as to how much it would be.

Mr. MAYBANK: A sales tax of that sort is practically always passed on and pyramided.

Mrs. WRIGHT: We feel that.

Mr. FLEMING: On page 4 you indicate that you think there has been a reduction in bread consumption. We have been quite concerned about that. I think we have asked almost every witness who has been here about his experience with that. Of course, we have been dealing with producers and distributors, but I think it is fair to say that every witness who has been here before the committee has indicated that so far as his particular organization is concerned—I think there were one or two exceptions—production had increased, demand had increased. Our difficulty, of course, is in getting exact and comprehensive figures for the whole of Canada. Have you made any detailed surveys other than those you refer to here in Toronto and Hamilton?

Mrs. WRIGHT: We have not made any detailed surveys other than those. I understand this family service bureau in Hamilton is an agency of the Canadian Welfare Council and has a very high reputation. They felt that the sampling they made of 70 families was a very representative sample. The figures that are here reflect the actual experience of the families which are covered as a representative sample. I have a few extra copies of the detailed survey made by the family service bureau in Hamilton and I would be glad to leave them for the use of the committee if you would like to have them.

Mr. FLEMING: I would suggest they should be filed as an exhibit.

The CHAIRMAN: Yes.

Mr. MAYBANK: It could find its way into the record as an appendix.

The CHAIRMAN: Just to correct you, Mr. Fleming, I think you said that all companies had shown an increase in production. There is a point which I think ought to be noted, particularly in reference to the witness yesterday, something I think we overlooked. I was looking at it last night. That company shows a loss on the statement presented to us, but that company also shows a tremendous lack of progress in increase of production, which suggests an inefficient operation. We should not draw conclusions from those figures yesterday without giving it a great deal more thought.

Mr. FLEMING: We are not drawing any conclusion from the figures. I do not think you are dealing with the same point I am. We tried to get what help we could as to the trend in consumption of bread with the rising cost of it from those who were here before us, who were all either producers or distributors. We have not yet found any satisfactory source of information on consumption because the last figure from the Dominion Bureau of Statistics ends at the end of 1945, which is not helpful to us at all. As I say I think most of the witnesses indicated their experience of that as distributors and producers was that their volume of bread production and distribution was increasing. Then, of course, we have had some others, but there is the problem we are up against. I suggest we might have the details of that survey which has just been produced, and have it marked as an exhibit.

The CHAIRMAN: Make it a part of the appendix.

Mr. IRVINE: May I remind you in this connection that most of those who testified as to the increased sales of bread accounted for it on the ground that other foodstuffs had risen higher in price than bread.

The CHAIRMAN: Yes.

Mr. FLEMING: There were a number of reasons for it. I am trying to isolate, if I can, this one question as to the actual amount of consumption of bread. For instance, we had evidence that there was a shift in the case of some of the distributors of bread from the more expensive loaf to the 10-cent loaf, but if it is possible we should try to get any information we can on total consumption.

Mr. MAYBANK: As far as the evidence has gone, and including the representation this morning, the statements made about the increase by all the witnesses up to yesterday could be right, and yet the suggestion of Mrs. Marshall in the brief could also be right. There could have been a taking over to some extent by the bigger bakeries of some of the business of the smaller bakeries. We are in a very inconclusive state with regard to production and consumption at the present moment. Your suggestion could unquestionably be right even though we accept all the evidence that we have so far.

Mrs. MARSHALL: Mr. Chairman, I have been quoting as to the increased cost of living from the survey which was made by the Hamilton family service bureau, and the last one of the sentences which I quoted was that they had found that bread purchases were reduced by one to seven loaves per week by fifteen of the families.

Mr. MAYHEW: You could probably arrive at a fairly accurate estimate more easily by getting the consumption of domestic flour in Canada rather than bread itself.

Mr. FLEMING: If it is not going into sweet goods.

Mr. MAYHEW: There will be some of it, but that is going down.

Mr. MAYBANK: You could make a percentage allowance for that and come to a fair approximation.

Mr. FLEMING: I have one more question. It is a question about membership. In case we have representations made to the committee at some stage or other by the Housewives Consumers Association, I want to ask you this question. I note on page 17 of appendix A the Housewives Consumers Association is a member of your association.

Mrs. MARSHALL: No, the list that is appended here gives those who were represented at the organizational meeting. We felt that we should invite to attend that meeting representatives from every known national organization, but we were told they should be included as a national group. Therefore two of their members were included, Mrs. Ann Ross from Winnipeg and Mrs. Luckock from Toronto, to sit in with the others, but they are not members of the Canadian Association of Consumers. They have withdrawn their interest, feeling they can carry on their own work.

The CHAIRMAN: They have had nothing to do with the preparation of this brief?

Mrs. MARSHALL: Nothing whatever. They had the opportunity of becoming members and refused to do so.

Mr. MAYBANK: I think there is plenty of internal evidence, even without that statement of the witness, that they had nothing to do with it.

Mr. JOHNSTON: I should like to ask the witness one question. Has there been any evidence of an indication by the consumers as to a choice between the 10-cent loaf and the 14-cent loaf, having in mind the desirability of one loaf or the other either from choice or from economic circumstances?

Mrs. WRIGHT: I did not catch the first part of the question.

The CHAIRMAN: Would you repeat the question?

Mr. JOHNSTON: Has there been any information come to your organization in regard to the choice which consumers make between the 10-cent and the

14-cent loaves? What I am really getting at is this. Is there, in the opinion of the housewives or consumers, any material difference in the quality of the 10-cent loaf and the 14-cent loaf?

Mrs. WRIGHT: I think that varies with the consumer. I think there are some consumers who acquire a taste for a certain type of bread and they feel that is the kind of bread they are willing to pay a little bit more for, whether they know anything about the quality or not. That is one of the reasons we have asked for some information to be put on the wrapper with regard to the nutritional value or the actual quality of the bread, and that so much emphasis should not be placed on the flavour and the texture, but that we actually know. Canadian housewives are becoming more and more conscious of the necessity for nutritional value in food and are looking for sources of information as to what articles contain nutritive factors. We would feel that we might do an educational program on convincing housewives as to foods that are nutritious, and help to bring about really good thrifty buying in the home. That is one of the main objectives of the Canadian Association of Consumers.

Mrs. MARSHALL: May I say, too, that women go into the stores to buy the 10-cent loaf and find it all gone and buy the other. It is always sold out first which I think is proof that they want it.

Mr. JOHNSTON: I think it should be pointed out that is in contradiction to most of the evidence which we have because if my memory is correct in nearly all cases there were 10-cent loaves on the shelves at all times.

Mr. MAYBANK: I do not know that they went that far.

Mr. JOHNSTON: That was the general opinion of the chain stores and bakeries, that there was no cutting off of the supply of 10-cent loaves in order to push the 14-cent loaves.

Mrs. MARSHALL: It may not be done for that purpose but I think women are learning to be thrifty, and they are buying the 10-cent loaf giving it a preference so that it is sold out first.

Mr. MAYBANK: They are learning to be more thrifty. They were always thrifty.

The CHAIRMAN: At page 6 you say in the second sentence of the first paragraph.

We note that at the conclusion of your inquiry into bread you propose to inquire into other staple commodities of life including butter, meat, vegetables, shoes and clothing.

For your information and the information of your organization and the public generally I think it should be said at this stage that the committee is giving consideration to other phases in connection with bread. I do not think it should be interpreted that the bread inquiry is necessarily concluded. If you have any information which you may wish to pass on to this committee at any time in connection with bread or any other matter I want you to be sure to do so. I also want to say that what the committee is giving consideration to is the question of priorities. Would there be any serious objection from your organization—I am not saying this will be done but just making a suggestion—if, for instance, after we deal with butter we go into meat before milk, because the question was raised a while ago.

Mrs. MARSHALL: No, I think not.

The CHAIRMAN: The committee has to consider its efficiency in terms of preparation, and so on. I want to make that observation.

Mrs. MARSHALL: We always welcome any suggestion.

The CHAIRMAN: You feel the committee is serving a useful purpose?

Mrs. MARSHALL: Oh, definitely, very.

Mr. IRVINE: I should like to draw attention on one sentence on page 4—

The CHAIRMAN: Do you mind my interrupting you? I should like to say one thing.

Mr. IRVINE: No.

The CHAIRMAN: You said the committee was serving a useful purpose. I think I should say as chairman of this committee, because naturally we represent various political parties, that we have been sitting long hours and doing a lot of work in between, and that every member of the committee has been trying sincerely and energetically to deal with this problem as best we know how. I would want your organization to know that is the case with every member of this committee.

Mrs. MARSHALL: We appreciate that, Mr. Chairman. Thank you.

Mr. IRVINE: I want to refer to page 4, the latter part of section 3, which deals with the family service bureau inquiry.

About one-half of the persons in the \$100-\$399 per-person-per-year income report no clothing expenditures as against average expenditures of \$8 to \$15 a month in 1939.

This may be a question that would be more appropriately put to this committee, but it does seem to me in a case like that—if that statement be true—then supply and demand does not seem to be operating, since this manifest reduction in the purchase of clothing has not reduced its price. Have the ladies given any thought to that outstanding fact?

Mrs. MARSHALL: I will ask Mrs. Wright to answer that question. She is our economist.

Mrs. WRIGHT: I think when you look at that, you have to realize this survey covers these two months, November and December, out of the year so that probably those families would have to buy clothing in the other months. On the other hand, I think we all realize that as housewives we can defer the purchase of clothing longer than we can defer the purchase of essential food items. They can defer purchase on things like jewelry and the more expensive types of clothing until prices drop. Those items get beyond the price of the average consumer, and that is the point we have tried to bring out here. Already there is a switch from normal purchases of clothing. I do think that sometimes the law of supply and demand has an effect, but it takes quite a while to reach the consumer. I think when the inventories pile up high enough in the retail and wholesale hands we may see some results. After all it is only two months ago since we saw the beginning and we do know that there was quite a bit of purchasing power last year. The present high price is changing the picture, but at the moment the lack of demand may not be reflected accurately at the consumer level.

The CHAIRMAN: In connection with bread, you have had an economist engaged on that subject, have you not? She is Mrs. Spry.

Mrs. WRIGHT: Yes.

The CHAIRMAN: Is that work of hers continuing? I saw where an interim report had been made and I was very interested in the question of delivery costs which, among other things, you dealt with.

Mrs. WRIGHT: Mrs. Spry has been continually interested in the bread situation and I know she has been following this committee of yours with a great deal of interest. She has been advising us and will continue to advise us on any points of interest. She is a voluntary worker and is not paid so we cannot make any definite claims on her time. We just ask her for advice as she feels able to give it to us. She has a small family, but she is a trained economist.

The CHAIRMAN: Yes, and a very excellent one. I know her very well.

Mr. MAYHEW: Do you find many families where the income is only \$100 per person per annum?

Mrs. WRIGHT: In the survey which we have put in as an appendix, the breakdown of income per month would be as follows: 4 out of 70, \$33 to \$65 per month; 3 out of 70, \$66 to \$99 per month; 10 out of 70, \$100 to \$132 per month; 20 out of 70, \$133 to \$165 per month; and 33 out of 70, \$166 plus per month.

Mr. IRVINE: That is very interesting.

Mrs. WRIGHT: That is a total number of 70 families taken as a sample.

The CHAIRMAN: Has your organization given any consideration to the question of consumer resistance in the case of abnormally high prices?

Mrs. WRIGHT: Yes, we have considered it very carefully. We feel that with the information that is available to us it is very difficult for us to advise a buyers' strike. We take the attitude rather of suggesting that we exercise thrift, and that it is only common sense in a period of high prices not to buy things which we consider to be high in relation to their value or in relation to their use to us in our budget. We do not want to take any action that might throw any person out of employment; and we feel that if we definitely set out specific commodities which we refuse to buy we might be upsetting the economic situation and really be causing more harm than good considering the amount of compliance we could get out of an organized buyers' strike.

Mr. MACINNIS: Is it not a fact most low income families cannot go on a buying strike? They never have sufficient purchasing power ahead of their needs, and consequently any strike would be a strike against themselves?

Mrs. MARSHALL: No one should go on a buying strike, but the alternative is smart buying and thrift. Buy what you need to buy.

Mr. HARKNESS: I have been interested in looking at your appendix G which shows the figure \$17.08 as the cost for minimum adequate list of food for a family of five per week. I was particularly interested in the fact that figure bears very close relationship, as I remember it, to the cost for a weekly adequate menu as put out by Dr. Pett—a menu for which he has been condemned very considerably in some quarters. I would take it, on the basis of this survey, that you would then be more or less in agreement with Dr. Pett's menu and that it was an adequate one. Would you care to comment on that? ?

The CHAIRMAN: Do you think it is fair?

Mr. HARKNESS: I think it is, yes.

The CHAIRMAN: I think it is important to get the reason why Dr. Pett arrived at his menu; but that menu has been a misunderstood thing. I do not think it is fair to a great public serving or to this organization to suggest that—

Mr. HARKNESS: Personally, Mr. Chairman, I think Dr. Pett's list is quite adequate. As it happens my wife is a dietician, and I have looked quite closely into the matter; but I would just like to get the reaction of these ladies.

Mr. MACINNIS: I do not think there would be any objection providing we had Dr. Pett here afterwards to explain.

Mr. HARKNESS: There was no idea in my mind of being unfair to Dr. Pett as the chairman seems to think.

The CHAIRMAN: No, I am sure of that.

Mr. HARKNESS: As a matter of fact my opinion is quite to the contrary.

Mrs. WRIGHT: I would not mind speaking on that because I feel Dr. Pett has done a public service in showing what can be done on a minimum amount. I do feel we cannot set out a minimum budget and expect every consumer

will follow a minimum budget, because our tastes and habits differ. Our physical requirements also differ, but I do think that the budget we have presented is of value. It is one that was drawn up by the Visiting Homemakers' Association, an agency of the Toronto Welfare Council, and it is on a similar basis as the cost of living study they made in 1939—the same time at which the cost-of-living index was constructed—and it was revised again in 1940, and 1944, and brought up to date as far as the other items are concerned in October and November of last year. The Visiting Homemakers have only attempted to keep the food list up to date. They have made changes that arise out of habits of the type of people concerned, the average low income family. That is their opinion, based on nutritional requirements, as to what is a minimum amount that a family of the size indicated—2 adults, 3 children, boys 6 and 12 years, and a girl 10 years—could live on in Toronto in February. That would vary by families and the actual living habits of the families. Some might be lower and some higher, but it can be taken as a fair minimum list. It does not allow anything for extras.

Mr. MAYBANK: I notice on page 8 there is a question about the difference between 5.357 cents and 14 cents with regard to bread. Reference has been made there, by Mrs. Marshall, to the evidence on page 597 and I think the paragraph ends with a question about further information regarding the difference and how it is used up. I just wanted to point out to you that there has been, since the time of the evidence which you were reviewing, a good bit of additional evidence on the costs about which you inquire and it may be that you have not been able to examine that evidence. Some of the companies have given that additional information. If, in the light of looking at these additional figures, there are any questions that come up in your minds I am sure it would be good for us to have them, in order that it might direct this committee to inquire further.

Mr. FLEMING: May I just ask one question about page 14 and the heading "Household Necessities." You are dealing with the relative prices quoted in Eaton's mail order catalogue for unbleached cotton sheeting. One column is 1946-47 and the other column is 1948. Are those the average prices for the two years—I am speaking of the first column—and what is the date of the catalogue quoted in that column?

Mrs. WRIGHT: I would think it would be 1946-47. I would think it would be the fall and winter catalogue of that year. I would have to inquire from our source of information however, as I did not take them out of the catalogue. I would think that the 1946-47 figures would be the actual quotations from their catalogue.

Mr. FLEMING: They would be quotations issued by the T. Eaton Company for the fall of 1946.

Mrs. WRIGHT: Yes.

Mr. FLEMING: And the second column is headed 1948?

Mrs. WRIGHT: That would be the current catalogue.

Mr. FLEMING: And you do not know the date that was issued?

Mrs. WRIGHT: No, I would not, but I might be able to find out.

Mr. FLEMING: It would be a matter of interest to us as to how far apart the dates of those columns are.

Mrs. WRIGHT: If you will excuse me a moment I might be able to give you that.

Mr. FLEMING: It is all right; we could get it at some future time.

Mrs. WRIGHT: Yes.

The CHAIRMAN: You say at the bottom of page 11, "We realize that milk prices are a provincial matter, but we feel that milk is of such vital importance to the health of our people that it must have a place for discussion in any national investigation into the price picture."

Do you feel that we should go into the question of milk, even though at the moment it is under provincial control?

Mrs. MARSHALL: We think it would be helpful.

Mr. MAYBANK: I was just going to make this observation if I might. As I recall the readings on the controversy respecting milk in Manitoba, the statements were to the effect that although the price had gone up, and the provincial board had to put it up, there was a very small body of statistical information reviewed by the board or available to the board. I do not say that is a fact, but I recall the statement being made many times, and it just does remind me that an investigation of milk, involving its cost of production, might be very much more difficult than an investigation into some of the other commodities.

Mrs. WRIGHT: May I say that the report of the royal commission in Ontario on milk, had one or two recommendations, one of which was that more information should be obtained with regard to costs, and the report pointed out the difficulties of obtaining such information. As far as the consumers are concerned, we realize that we have no real information as to what the picture is.

Mr. MAYBANK: Milk is produced in so many places in small amounts.

Mr. FLEMING: I would just like to follow your question with this one. Mrs. Wright or Mrs. Marshall indicated that there was some value in an inquiry into milk. Again I would ask the same question I asked in relation to meat. How do you rate such an inquiry on the priority list in the face of these other commodities? Having in mind there is provincial control on milk and we have got to take all these factors into consideration, how do you rate milk on the priority list?

Mrs. WRIGHT: I would hesitate to express an opinion. From the Canadian Consumers' Association point of view the picture is different from province to province. I know some of our provinces feel the price is more out of line than it is in other provinces. The price does vary from province to province. I think on the whole we feel the price is too high over the whole dominion, and we would like to see some investigation or something done to bring down the price of milk. That was a resolution passed at the first national convention of the consumers organizations by all the delegates in session there. Everything was to be done to bring down the price of meat, milk, bread, and butter. Those are the four essential, basic foods which, in September when the delegates of the national organizations were present, were felt to be most important. I would hesitate to give one priority over the other because I think it would vary from province to province, depending upon the local situation.

Mr. MAYBANK: I wonder about this, Mrs. Wright; on page 12 of the brief you have a little table showing the sales of milk in millions of quarts. Just at first glance it would look as if the increase in price from 15.3 to 16.8 resulted in a very considerable drop in consumption. It would look that way at first sight, but it might be, of course, a coincidence. I was wondering whether you had looked into the figures for those two or three months in another year to see whether there is anything connected with the time of year which contributes to that drop? It looks, on the face of it, as if the $1\frac{1}{2}$ cents increase in price was the cause.

Mrs. WRIGHT: There is a chart attached—

The CHAIRMAN: May I point out that you say in the brief, "we have reason to believe that high prices are resulting in a reduction in fluid milk consumption."

Mrs. WRIGHT: I may say that this chart of monthly fluid milk sales goes back to 1939. I have glanced at it to see if, at the end of each year, there has

been a corresponding decrease. It does not appear to indicate that. At the end of 1945, there was a slight depression in the curve but in 1946 the depression was in the middle of the year. I do not think it is a coincidence. Also, it is borne out by the statements made to us by consumers that they have had to cut down. I have heard from many of my own friends and neighbours with children that some of them are buying skimmed milk instead of whole milk; others have cut the quantity they are using. The survey you have from Hamilton indicates that from one to eighteen quarts was the decrease caused by the rise in price.

Mr. MAYBANK: It would seem reasonable that the 1½ cents would have that effect, but I wanted to be sure all the factors had been taken into consideration.

Mrs. WRIGHT: I now have the information with regard to those price quotations. They were from the fall and winter catalogue of Eaton's for 1946-47 and from the spring catalogue for 1948.

Mr. FLEMING: They would be about a year and a half apart?

Mrs. WRIGHT: Yes.

The CHAIRMAN: Am I right in saying that your organization had suggested the setting up of a parliamentary committee?

Mrs. MARSHALL: Yes, very definitely.

The CHAIRMAN: Do you remember when that was done?

Mrs. WRIGHT: It is in the brief which was presented following the meeting of January 14. It is attached to your brief as an appendix.

The CHAIRMAN: I will find it. I did not know you had it in the brief.

Mrs. WRIGHT: Yes, it is in the brief.

Mr. WINTERS: May I ask one question? On page 11, at the top of the page with respect to bread, the brief says: "We should like to see the main points of this information printed on the wrapper of the loaf of bread, indicating the grade or standard without adding to the cost." I wonder if Mrs. Marshall has thought enough about that to say how far the organization would like to go? Do you wish that to be done on a national basis, including the whole analysis, or do you wish a system of government inspection and so on?

Mrs. MARSHALL: I think we would have to leave those details to be worked out. We think it would be most helpful. We did not feel we could ask to have the actual formula put on the loaf, and it was for that reason we merely asked to have the grade or standard indicated. We felt some other advertising could be omitted and thus there would not be any increase in cost to the consumer. We were very careful about that part of it. It would help, in advertising and sales talks, when women are led to believe by the advertising that a correspondingly nutritional loaf is available at 10 cents, in ascertaining whether that is true or not.

Mr. WINTERS: On the face of it, it would have to involve some system of government inspection which would, presumably, add to the cost somewhere along the line.

Mrs. MARSHALL: Yes, it might.

Mr. MAYBANK: How much bread is sold unwrapped, do you know?

Mrs. MARSHALL: No.

Mr. WINTERS: The next question I should like to ask has some local significance. It arises out of a statement made by the Dominion Statistician, Mr. Marshall, who said his statistics show that if Canadian families would eat more fish in relation to meat the cost of living would come down. In view of the difficulty of getting good quality fresh fish before the Canadian public, I should like to hear the comments of Mrs. Marshall on that particular product.

Mrs. WRIGHT: Mr. Chairman, Mrs. Marshall has asked me to answer that question. I may say that fish is another matter of concern to consumers. Unfortunately, it does not bulk as large in our actual diet as some of the items on which we have been pressing strongly for immediate action. I think the Canadian Association of Consumers would welcome anything which would throw light on the reason for the present high prices for fish.

The CHAIRMAN: There is a very good rule which is taught to lawyers concerning cross-examination. It is, never ask a question when you may reasonably anticipate an unfavourable answer.

Mr. MAYBANK: I should like to add to that question this question, if anyone can answer it; does anyone know whether these people down in Nova Scotia eat more fish per capita than the rest of the Canadians? Are they really doing their duty by their fish?

Mr. WINTERS: In reply to Mr. Martin, I should like to say that I had no reason to anticipate an unfavourable answer in the light of the evidence given by Mrs. Marshall. I think the normal thing to ask at this stage is, in the light of Mrs. Marshall's statement, that if more fish were eaten the cost-of-living index would come down. Is your association doing anything to sponsor the increased consumption of fish?

Mrs. WRIGHT: I am afraid we would not be very popular in our local areas if we tried to do that. That might be possible in areas close to the fishing communities. I cannot speak with authority about areas which are close to the sea. I know that, so far as the area in which I live is concerned, and the price around that community, we find that a meal of fish at the present price is too costly.

Mr. WINTERS: What area is that?

Mrs. WRIGHT: Toronto and its locality; I live in a suburb of Toronto. It is an inland section so far as sea food is concerned, and transportation costs, I suppose, make the prices high.

The CHAIRMAN: Do you mean to say that around Toronto and Lake Ontario, you have not got ocean fish?

Mr. FLEMING: I think we will have to get the deepened St. Lawrence waterways before we get salt water fish in Toronto.

Mr. PINARD: You make reference in your brief to surveys made in Hamilton and Toronto. Do you know whether any surveys have been made in the city of Montreal?

Mrs. MARSHALL: I cannot tell you that. I wish I could.

Mr. PINARD: We are told that Montreal is, unfortunately the city in which the cost of living is highest in Canada. Last night's *Montreal Star* stated that, and it would be interesting to find out if a survey had been made what the results were.

Mrs. MARSHALL: I do not know. Unfortunately, our vice-president from Montreal could not be here.

Mr. PINARD: You mean Mrs. Parizeau?

Mrs. MARSHALL: Mrs. Parizeau, yes.

Mr. HARKNESS: On page 11 of your brief, under the heading "Flour," you say, "We have many reports of the practice of flour milling companies requiring feed dealers and farmers to purchase a proportion of flour as a prerequisite to obtaining their requirements of millfeeds." Could you tell us in what part of the country your reports indicate that is the practice and, if possible, to what companies you refer?

Mrs. WRIGHT: I could not tell you offhand, as I have not the correspondence with me. However, I would be glad to send on any information I have to your committee.

The CHAIRMAN: Will you do that? It is very important.

Mr. HARKNESS: This is something we should investigate. It is a very bad practice. Perhaps we will be able to take some action to remedy the situation.

Mrs. MARSHALL: That is why we brought it forward.

The CHAIRMAN: I had already asked counsel to make a note of that.

Mr. LESAGE: I have heard about that practice in the province of Quebec. Perhaps if you asked your vice-president, Mrs. Parizeau, she would be able to tell you of some complaints in that regard.

Mr. MERRITT: On page 15 of your brief under the heading "Clothing", you say you have reports that some shoes on the market today are so constructed they cannot be resoled. You also have reports of poor workmanship for the price in the case of ready-made garments such as underwear, stockings, outer garments for babies and young children. I wonder if you could give the committee some specific example of those complaints because I think they would greatly assist us when we come to consider the question of clothing.

Mrs. WRIGHT: I may say we have not specific examples at the national level. Those are complaints which have come in from the provincial representatives. I have no doubt we would be able to obtain specific examples but, at the moment, we have not them. They are general statements which have been made to us by our provincial representatives based on reports they have been receiving from consumers in their areas.

Mr. MERRITT: I believe it would be helpful to get some specific examples because they would sharpen our inquiry.

Mrs. WRIGHT: I do not think we could give you enough examples to give you a general picture, but we could give you enough examples to indicate the type of thing we mean.

Mr. FLEMING: I could personally contribute some examples concerning children's shoes not being fit for resoling.

Mr. DYDE: You have been very helpful, Mrs. Marshall, in asking specific questions into which the committee might inquire with regard to bread. I wonder if those who are working with you could, very shortly in point of time, give us similar specific questions with regard to one or two of the other commodities—I am thinking particularly at the moment about meat. Would it be possible to give us a list of questions which would summarize the things you think we should be looking for? Would that be possible?

Mrs. MARSHALL: Yes, I think our committee would be very glad to work on some specific requests to help this committee.

Mr. IRVINE: And textiles?

Mr. MAYBANK: Mr. Dyde is working on the question of meat at the moment and it is for that reason he would like it to come in first.

The CHAIRMAN: We would like you to suggest questions into which you desire us to inquire relating to things which may be under inquiry here. We would be very glad to receive them. Mr. Dyde, as Mr. Maybank has suggested, is currently engaged on an inquiry into meat and it was for that reason his question concerned that subject.

Mrs. MARSHALL: We would be very glad to see that such material is sent forward.

Mr. FLEMING: Are you enlarging your request to include any other commodities?

The CHAIRMAN: I have done so.

Mr. MAYBANK: There was one point I wanted to get clear concerning the printing of our evidence, if you would permit an interruption for a moment.

These several appendices which have been presented in connection with the brief, I should like to suggest should be printed as part of the proceedings along with the brief itself. I think it would be well if they were put in the record immediately after the reading of the brief. Could that be agreed upon? I suggest that all of these papers be in the proceedings just as the brief is in the proceedings this morning.

The CHAIRMAN: What is the use of it?

Mr. IRVINE: Does that include these questions and answers, and so on?

Mr. MAYBANK: It is not a very long document and I think it might just as well go in, following the brief.

The CHAIRMAN: Would you include things like "the Canadian consumer"—the first bulletin?

Mr. MAYBANK: It is very short. I think if it is going to be put in anywhere you might as well have it printed as part of the proceedings of the day.

The CHAIRMAN: I would not think you would want to print that, would you?

Mr. MAYBANK: Well, I would print it, but it does not matter very much.

Mr. MAYHEW: It might be creating a precedent.

Mr. MACINNIS: There are two points to be considered, the one mentioned by Mr. Mayhew and also the fact that our proceedings would be enormously bulky if the committee continues to do this as a practice, and those who will be later on reading it will have to go through an awful lot of material.

Mr. MAYBANK: How about this, then: whatever of this is printed would be printed as part of the proceedings rather than as appendices, and that determination as to what would be printed be left in the hands of the chair?

The CHAIRMAN: I think it would be best to decide that right now. Certainly we want the brief.

Mr. IRVINE: Could it not be done by putting in a reference to this "questions and answers" giving the background of the organization?

The CHAIRMAN: I think that could be done. Do we need the other things in, do you think?

Mr. MAYHEW: These are being kept by the members.

Mrs. MARSHALL: Mr. Chairman, if it would be helpful we would arrange to have that brochure summarized instead of putting in the whole thing.

Mr. MAYBANK: Well, all this is printed immediately.

Mr. MACINNIS: The brief which has been presented is so complete in itself that it takes little further supporting material.

Mr. IRVINE: I think notations with regard to these references made in the presentation would be sufficient so that anyone who wanted to investigate in detail as to either the presentation to the government or the paper or the brochure could obtain it.

The CHAIRMAN: What about appendices G and H, for instance? They are short and they might be very valuable information.

Mr. IRVINE: I think they would be.

The CHAIRMAN: I think "G" and "H" ought to go in with the brief. Is that agreed?

Some Hon. MEMBERS: Agreed.

Mr. FLEMING: What about the survey?

The CHAIRMAN: That is going in as an appendix.

Mr. FLEMING: Are you going to deal with these others now? Some of these might go in as appendices. I do not think there is any reason for putting them in the proceedings; this "questions and answers" for instance, and the appendix "C".

The CHAIRMAN: They are already referred to in the brief.

Mr. FLEMING: But it contains resolutions.

The CHAIRMAN: They are in the brief. I do not think these things ought to go in, surely. I don't think that ought to in; "D" would be on hand, "E" is next and that is only resolutions and they are already referred to; but "G" and "H" definitely contain information which will be helpful to the committee in making a judgment on these matters.

Mr. FLEMING: Well, when you come to appendix F, there is another brief dealing with this question of sales tax on which questions were asked this morning.

The CHAIRMAN: But that is a resolution; it does not help us in forming a judgment. It has already been put in the brief with argument. That is what we want.

Mr. FLEMING: It is stated more fully here, Mr. Chairman.

The CHAIRMAN: My opinion is that that definitely does not help us at all. It is referred to in the brief with argument. All you would be doing would be, as Mr. MacInnis said, adding unnecessarily to the record.

Mr. FLEMING: I favour having it in the appendix myself.

Mr. HARKNESS: On page 16 you say, "another instance of a hidden price rise is in the fact that belts of many women's dresses are lined with materials which cannot be washed or dry cleaned." In my home I have found the same thing applies to buttons which are part of the decorative effect and fall to pieces in a short time and the result is that the garment is more or less unwearable. Have you people been able to take any action or to put any pressure on the manufacturer through your association to quit putting out clothing of that kind?

Mrs. WRIGHT: We are taking the matter up with them but we have not succeeded in doing anything yet. After all, our organization has been mainly concerned with a membership drive and our program of development. We have taken the matter up with the manufacturers concerned but have not actually got beyond the point of taking it up and presenting it.

Mr. HARKNESS: I would think myself that pressure on the part of your organization and women generally against practices of that kind would perhaps be the most effective means of persuading manufacturers not to put on any belts or buttons or linings of the kind which would give a garment a short life.

Mr. MAYBANK: This man (Mr. Harkness) knows more about women's clothing than any of the rest of us.

Mr. HARKNESS: I do not know that I have heard any more about it than the rest of you.

The CHAIRMAN: He is more dutiful than the rest of us.

Mr. FLEMING: What is the membership of your association?

Mrs. WRIGHT: We are still in the midst of our membership drive. We have a great many books out and the membership campaign is going on steadily. Our provincial organizations are working on the campaign itself, so that I cannot make any statement that would give you anything like a picture of what membership is just now.

Mr. FLEMING: Would you care to make an estimate?

Mrs. WRIGHT: The last of April we are going to have the books in. In the meantime over half the books are in the hands of the provincial field workers. Really, I could not do anything more than make a guess at the present time and that would not give you anything like an adequate picture of our membership.

Mr. MAYBANK: And you might give a wrong picture?

Mrs. WRIGHT: Yes.

The CHAIRMAN: May I now on behalf of the committee express to you, Mrs. Marshall, and to Mrs. Wright, sincere thanks for this very helpful and suggestive brief. I want to thank you.

There will be an executive session of the committee at 4 o'clock.

The committee adjourned.

APPENDIX

FAMILY SERVICE BUREAU OF HAMILTON

Study of Effect of Increased Cost of Living on Family Life

Compiled by
KUNIO HIDAKA, M.A.

TABLE OF CONTENTS

Purpose of Survey.
Summary of Conclusions.
Purpose and Method of Study.
Family Composition.
Income per Family.
Income per Person per Year.
Shelter.
Food Expenditure.
Clothing Expenditure.
Combined Expenditure for Food, Shelter, Fuel and Light.
Recreation and Church, and Health Maintenance Expenditures.
Debts and Savings.
Total of Expenditures Listed in Hamilton Survey.
Cost of Living, Nov. 1, 1947.
Attempts to Increase Income.
Table I.—Size of Family.
Table II.—Distribution of Children by Age.
Table III.—Distribution of Children per Family.
Table IV.—Distribution of Adults per Family.
Table V.—Composition of Family and Distribution of Persons.
Table VI.—Income per Family.
Table VII.—Income per Person per Year.
Table VIII.—Distribution of Families according to Rent Payments and Income Categories.
Table IX.—Distribution of Families according to Percentage of Income, Rent Payments and Income Categories.
Table X.—Comparison of Food Expenditures with Welfare Council of Toronto Food Budget.
Table XI.—Changes in Purchases of Milk, Bread, Butter and Eggs.
Table XII.—Distribution of Food Expenditures by Dollars and Income Groups.
Table XIII.—Distribution of Food Expenditures by Percentage of Income and Income Groups.
Table XIV.—Distribution of Clothing Expenditures by Dollars and Income Groups.

TABLE OF CONTENTS—*Concluded*

- Table XV.—Distribution of Clothing Expenditures by Percentage of Income and Income Groups.
- Table XVI.—Distribution of Fuel and Light Expenditures by Percentage of Income and Income Groups.
- Table XVII.—Distribution of Combined Expenditures for Food, Shelter, Fuel and Light by Percentage of Income.
- Table XVIII.—Dollar and Percentage Expenditure for Recreation and Health Maintenance, D.B.S. Survey 1939.
- Table XIX.—Budget Proportions from D.B.S. Survey 1931, and November 1947 Proportions as Adjusted.
- Table XX.—Means to Supplement Income.

STUDY OF EFFECT OF INCREASED COST OF LIVING ON FAMILY LIFE

Purpose of Survey

By compiling data on family composition, income and expenditures for Hamilton during November-December, 1947, and by comparing the findings with the Dominion Bureau of Statistics report on *Family Income and Expenditure in Canada 1937-1938* and the standards of the Welfare Council of Toronto, this survey gives a statistical interpretation to the economic effects of increased prices and the higher cost of living on family life.

SUMMARY OF CONCLUSIONS

1. The survey covered 70 Hamilton families with a total of 404 persons. Average size of family with 5.8 persons was larger than the 4.4 average for British families in the DBS survey.
2. As a result of wage increases and family allowances, family income is now higher than 1939. The DBS survey gives the national average for British families in 1939 as \$1,433 and \$1,537 for Toronto. Average income in Hamilton in 1947 was \$1,820.
3. Ten per cent of families reported home ownership as against 29.5 per cent in Toronto and the 32.0 per cent national average in 1939. With rent control and increased incomes, although dollar values increased slightly, budget proportions for rent were lower in 1947 than 1939.
4. Food prices have increased out of all proportion to incomes and much more than any other item of expenditure. Higher budget quantities are spent on food than other commodities with the result that it is not uncommon for families to spend more money and a greater percentage of income on food than for food, shelter and fuel in 1939. With the removal of price controls and subsidies the steep increase in prices of food during the past six months has caused some families to reduce the quantity of purchases. Twenty-two families or 31.4 per cent of the total number, many of them large families with 8 to 14 persons, reported food expenditures below the minimum of the Welfare Council of Toronto.
5. Eighteen families or 26 per cent reported no expenditure for clothing. About one-half the persons in the \$100-399 per person per year income group reported no clothing expenditure, as against average expenditures of \$8-15 per month in 1939.

6. Although the percentage of budget spent for fuel and light decreases with increases in income, despite the increase in income, because of the increase in price, families paid 6 to 10 per cent of income for light and fuel as against 5.3 to 8.6 per cent in 1939.

7. Food, shelter, light and fuel being daily necessities of existence in some cases took up total income, whereas 1939 expenditures varied from 50.4 to 71.5 per cent of income. In some instances expenditures for food alone were as high as the outlay for these items in 1939.

8. Thirty-seven per cent of families did not report any expenditure for recreation and church and 50 per cent reported amounts less than the 1939 budget. Few families reported regular expenditures for health maintenance as against 3.9 to 4.4 per cent of income on a general average in 1939.

9. About 50 per cent of families reported debts while 13 per cent reported regular savings ranging from 2 per cent to 7 per cent of income. The 1939 survey showed gross savings per year for Toronto families at 9.8 per cent of income.

10. Shelter, food, fuel and light, clothing, recreation and church, and health maintenance were 78.8 per cent of income in 1939. In most instances these items now take up 90 to 100 per cent of income and no funds are left for other budget items such as household operation, personal care, transportation, children's education, and community welfare and gifts which in 1939 were 21.2 per cent of income.

Although a vast majority of families reported expenditures which would indicate a standard of living below 1939, 14 families, or 20 per cent of the total number, reported standards as good as or better than 1939.

11. Following from the non-uniform increases in prices for the different budget items the budget percentages must now be re-adjusted. The general increase in cost of living to November, 1947, has been 44 per cent over 1939. The 1939 average expenditure of \$1,428 will have to be increased by \$631 to \$2,059 in order to maintain the 1939 standard of living; and likewise for the Toronto average of \$1,541, an increase of \$678 for a total of \$2,219 is necessary to maintain 1939 standards.

Assuming the same conditions for Hamilton as Toronto, the average income of \$1,820 per year for families in the survey must be raised by \$399 for the total of \$2,219 per year in order to maintain the 1939 standard of living.

STUDY OF EFFECT OF INCREASED COST OF LIVING ON FAMILY LIFE

Purpose and Method of Study

This report gives the results of a survey undertaken during November and December, 1947, by the Family Service Bureau of Hamilton to determine the effect of increased cost of living on family life. The survey used the interview and questionnaire technique and covered a representative sample 70 client-families.

Genuine concern is felt in many circles over the rapid increase in prices particularly during the past year and official statistics of commodity prices and trends are followed closely. But as yet, no study of the full effect of higher prices on family life is available. It is now generally conceded that while wages and family income have increased during the past few years, first as a result of wage increases won largely as a result of collective bargaining, and secondly, from family allowances, family living costs have increased to a much greater degree and living standards are now being depressed. In order to ameliorate the full force of deficient incomes, families are now re-apportioning their budgets in favour of the immediately consumable necessities such as shelter, food and fuel, and to the neglect of clothing, personal care, etc., which can be deferred.

Food costs have increased out of all proportion to income and other items of expenditure, and have now reached the point where a family spending as much for this one item as for food, shelter and fuel in 1939, is not uncommon.

While it is assumed that the returns reported in the questionnaire were accurate, the scope of the form was limited and some items of expenditure were not recorded, consequently some aspects of this report may not be as comprehensive as desired. This study, however, will serve as a "pilot survey" and by indicating the nature of family problems arising from increased living costs, can be used as a guide in subsequent surveys.

Findings of this survey are compared with the Family Income and Expenditure Survey of the Dominion Bureau of Statistics for 1939 and the report of the Welfare Council of Toronto on cost of living in 1944. The Welfare Council budget for clothing is adjusted to November, 1947, and the food budget to December of this year. These amounts are compiled on the basis of the Council's schedules and makes allowances for number of persons, age and sex of family members. There are essential differences between DBS and Welfare Council figures which should be understood. DBS has given actual expenditures during a part of 1939 and hence gives some measurement of the standard of living at that time amongst the families under survey. The Toronto Welfare Council, on the other hand has set certain minimum standards for health and self-respect, and measures the cost of living at those standards. It has been found that the food allowances in the Welfare Council budget are insufficient for men in manual labour. Budgets for food include the boarder as a member of the family, but it is assumed that they purchase their own clothing and hence are omitted from the family clothing budget.

Family Composition

A breakdown of family composition shows that 70 families with 404 persons were covered in the survey. Average size of family was 5.8. Of the total, 156 or 39 per cent were adults while 248 or 61 per cent were children. Average number of children was 3.5 per family.

TABLE I—SIZE OF FAMILY

Persons per Family	2	3	4	5	6	7	8	9	10	11	13	14	Total
Number of families.....	1	5	16	19	8	7	6	3	2	2	.....	1	70
Percentage of families.....	1	7	23	27	12	10	9	4	3	3	.....	1	100%
Number of persons.....	2	15	64	95	48	49	48	27	20	22	.....	14	404
Percentage of persons.....	1	4	16	24	12	12	12	7	4	5	.....	3	100%

Average size of family 5.8

TABLE II—DISTRIBUTION OF CHILDREN BY AGE

Age of Child	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Number of Children.....	12	10	17	18	17	18	16	13	19	13	20	14	17	10	14	13	3	3	1

Total number of children 248

TABLE III—DISTRIBUTION OF CHILDREN PER FAMILY

Children per family	0	1	2	3	4	5	6	7	8	9	10	11	12	Total
Number of children ...		5	41	42	44	35	30	14	24	.....	.....	.....	12	248
Percentage of children.....		3	16	16	17	15	12	6	10	.....	.....	.....	5	100%
Number of families....	1	5	21	14	11	7	5	2	3	.....	.....	.....	1	70
Percentage of families.	1	7	30	20	16	10	7	3	5	.....	.....	.....	1	100%

Number of children per family 3.5

248 children were 61 per cent of total number persons.

TABLE IV—DISTRIBUTION OF ADULTS PER FAMILY

Adults per Family	1	2	3	4	5	Total
Number of adults.....	11	80	39	16	10	156
Percentage of adults.....	7	52	25	10	6	100%
Number of families.....	11	40	13	4	2	70%
Percentage of families.....	16	56	19	6	3	100%

39 percent of total persons were adults.

TABLE V—COMPOSITION OF FAMILIES AND DISTRIBUTION OF PERSONS

Adults	Children	Persons per family	Number of families	Percentage of families	Number of persons	Percentage of persons
1	2	3	3		9	
1	3	4	3		12	
1	4	5	4		20	
1	6	7	1	16	7	12
			— 11		— 48	
2	0	2	1		2	
2	1	3	2		6	
2	2	4	10		40	
2	3	5	10		50	
2	4	6	5		30	
2	5	7	4		28	
2	6	8	3		24	
2	7	9	2		18	
2	8	10	2		20	
2	12	14	1	56	14	57
			— 40		— 232	
3	1	4	3		12	
3	2	5	5		25	
3	3	6	1		6	
3	4	7	1		7	
3	5	8	2		16	
3	8	11	1	19	11	19
			— 13		— 77	
4	2	6	2		12	
4	4	8	1		8	
4	5	9	1	6	9	7
			— 4		— 29	
5	2	7	1		7	
5	6	11	1	3	11	5
			— 2		— 18	
156	248	—	70	100	404	100

39 percent. 61 percent.

Hamilton families had 5.8 persons per family which is 1.4 persons more than the DBS survey average for 1,135 British families in 1939.

Income per Family

Incomes per family in 1947 were higher in terms of dollars than incomes in 1939. This was the result of wage increases won mainly through collective bargaining and from family allowances.

In 1939, according to the DBS survey, 8.4 per cent of Toronto wage earners and 4 per cent of the national total were in the \$400-799 per annum category whereas in the present survey 6 per cent of the total number of families are in this category. At the other extreme, 12 per cent had incomes greater than \$2,000 per year but this has now increased to 47 per cent. The average income in Toronto in 1939 was \$1,537 and for all British families was \$1,433; this has now increased to \$1,820 in Hamilton.

TABLE VI—INCOME PER FAMILY

Income per yr. \$	Per mo. \$	PC national	PC Toronto	No. families Hamilton	PC of families p.c.
		average 1939 p.c.	families 1939 p.c.		
400-799	33-65	4	8.4	4	6
800-1199	66-99	26	61.7	3	4
1200-1599	100-132	39	61.7	10	14
1600-1999	133-165	19	29.9	20	29
2000 plus	166 plus	12	29.9	33	47

Average income Hamilton 1947: \$1,820.

Table VI shows an upward revision of income from the lower to higher categories. The increase of \$283 over 1939, from \$1,537 to \$1,820 is equivalent to 19 per cent.

Income per Person per Year

Income per person per year shows a trend similar to annual family income given in Table VI. Here again the distribution of income shows an upward trend, although modified somewhat by the larger size of family than the national average of 1939.

TABLE VII—INCOME PER PERSON PER YEAR

Income per person per year	Number of families	Percentage of families	Percentage national average of 1939
\$		p.c.	p.c.
100-199.....	3	4	10
200-299.....	14	0	29
300-399.....	23	33	28
400-499.....	20	29	19
500-599.....	5	7	9
600 plus.....	5	7	5

Shelter

Seven families or 10 per cent of the total reported ownership of their homes or were in the process of owning, as against 29.5 per cent in Toronto in 1939 and

the national average of 32.0 per cent. Families in Hamilton have not undertaken long term financial obligations during the past few years, or there may have been an actual reduction in home ownership since 1939.

On the whole, rents paid were below the budget portion of 1939. With effective rent control and increases in income, persons who in 1939 paid 18 to 22 per cent of their income for rent, if they have remained in the same quarters will likely pay a lower percentage, although an increased amount. On the other hand, persons who have moved to quarters in the last three years, particularly quarters not formerly under controls may now be paying rents much higher than the average percentage of income. Persons may also be moving to smaller and poorer quarters yet pay the same dollar quantities for rent.

TABLE VIII—DISTRIBUTION OF FAMILIES ACCORDING TO RENT PAYMENTS AND INCOME CATEGORIES

Income per month	Percentage income in 1939	Average rent per month	Number of families	P.c. fam.	Own	\$10 14	\$15 19	\$20 24	\$25 29	\$30 plus
\$		\$								
33- 65.....	22.6	14	4	6	1	.....	1	1	.....	1
66- 99.....	20.4	18	3	4	.....	.....	.....	1	2	.....
100-132.....	20.0	23	10	14	2	.....	2	3	2	1
133-165.....	18.9	27	20	29	2	1	6	3	4	4
166 plus.....	19.5	35	33	47	5	.....	6	13	4	5
Total.....					10	1	15	21	12	11
Percentage of total families.....					14.3	1.4	21.4	30	17.2	15.7

TABLE IX—DISTRIBUTION OF FAMILIES ACCORDING TO PERCENTAGE OF INCOME RENT PAYMENTS AND INCOME CATEGORIES

Income per month	Percentage income in 1939	Own	5-9	10-14	15-19	20 plus	Total
\$	p.c.		p.c.	p.c.	p.c.	p.c.	p.c.
33- 65.....	22.6	1	.....	.....	.....	3	4
66- 99.....	20.4	.....	.....	.....	1	2	3
100-132.....	20.0	2	.....	1	4	3	10
133-165.....	18.9	2	1	8	6	3	20
166 plus.....	19.5	5	10	12	4	2	47
Total families.....		10	11	21	15	13	70
Percentage of total.....		14.3	15.7	30	21.4	18.6	100

Food Expenditures

Because the quantity of food consumed cannot be reduced for long periods without injury to health and morale, the sharp and consistent increase in food prices and the large budget percentage spent for food are acting as parallel forces to necessitate larger and larger portions of the income dollar being diverted for this item. On November 1, 1947, the official index for food was 173.6 over a base of 100 in 1939. Most families spent from 24 to 39 per cent of income or amounts ranging from \$24 to \$45 for food in 1939, but must now spend 40 to

80 per cent and from \$50 to more than \$100 per month for much the same standard of food. Sharpest increases have occurred in the past six months after the removal of price controls and subsidies.

Unlike clothing and home furnishings, food is an immediately consumable commodity and, for this reason, its purchase and consumption cannot be deferred. Families find that they can reduce their standard of food consumption only at the risk of lower morale in family life and on the job. It will be noticed that the food allowances of the Welfare Council of Toronto are far below amounts spent by families in the survey. It is apparent that the relief standards are totally inadequate for persons employed in manual work.

A number of the largest families with 8 to 14 persons and a few others, 22 families in total, or 31.4 per cent of families reported food expenditures below the Welfare Council budget. Thirty-nine families, or 55.7 per cent reported larger expenditures than the budget and 9 or 12.9 did not report.

TABLE X—COMPARISON OF FOOD EXPENDITURES WITH WELFARE COUNCIL OF TORONTO FOOD BUDGET

Less than Welfare Council	22 families	31.4 per cent
More " "	39	55.7 per cent
No report	9	12.9 per cent

Because of the gap between prices and incomes, families are now reducing their purchases of essential foods products. Thirty-four families or 50 per cent, reported lower milk consumption, in most cases by 1 to 2 quarts per week and in some cases as much as 18 quarts per week, while only 4 families with high incomes reported increases. Bread purchases were reduced by 1 to 7 loaves per week by 15 families, or 21 per cent, when one family reported an increase. Thirty-nine families, or 55 per cent, bought from $\frac{1}{4}$ to 3 pounds less butter per week, and 24 families, or 34 per cent, used fewer eggs.

TABLE XI—CHANGES IN PURCHASES OF MILK, BREAD, BUTTER AND EGGS

	Milk			Bread			Butter			Eggs		
	Fams.	P.c. of fams.	Amt.	Fams.	P.c. of fams.	Amt.	Fams.	P.c. of fams.	Amt.	Fams.	P.c. of fams.	Amt.
Decrease.....	34	50	1-18 qts.	15	21	1-7 lvs.	39	55	1-3 lbs.	24	34	.....
Increase.....	4	5	.....	1	1	.....	2	3	.....	2	3	.....

The DBS index for food with 1939 as base stands at 176.3 on November 1, 1947; the Visiting Homemakers Association quoted food prices 113 per cent above 1939 for the Research Department of the Welfare Council of Toronto. The DBS survey of 1939 showed Toronto families in the \$200 to \$399 annual income per person class with an average of 4.8 persons as spending \$43.13 per month for food during June, 1939. An increase of 113 per cent would raise the expenditure to \$92.32 for December, 1947. The Hamilton families in this survey with an average of 5.8 persons, should they have the same food requirements, will spend more than \$100 per month on food.

Food expenditures of more than \$100 per month were reported by 22 families, or 31.4 per cent, who were mostly in the highest income group. Tables XII and XIII giving distribution of food expenditures by income groups in dollars and percentages of income show that dollar expenditures have increased for all groups and are taking the greater part of income. In order for families to maintain their food standards they spend, in most cases, from 40 to 70 per cent of their income as against 24 to 39 per cent for food in 1939.

TABLE XII—DISTRIBUTION OF FOOD EXPENDITURES BY DOLLARS AND INCOME GROUPS

Monthly Income	1939 Amt.	PWD or not given	\$ -49	\$ 50-59	\$ 60-69	\$ 70-79	\$ 80-89	\$ 90-99	\$ 100 plus
\$	\$								
33-65.....	24	1	1	1	1				
66-99.....	30	1	2						
100-132.....	36	1	2		2	2	3		
133-165.....	41		2		4	5	4	1	4
166 plus.....	45	3	1				8	3	18
Total.....		6	8	1	7	7	15	4	22
Percentage of total families.....		8.6	11.4	1.4	10	10	21.5	5.7	31.4

TABLE XIII—DISTRIBUTION OF FOOD EXPENDITURES BY PERCENTAGE OF INCOME AND INCOME GROUPS

Monthly Income	1939 P.c.	PWD or not given	-39 p.c.	40-49 p.c.	50-59 p.c.	60-69 p.c.	70-79 p.c.	80 plus p.c.
\$								
33-65.....	39.3	1	1	1		1		
66-99.....	35.3	1			2			
100-132.....	30.9	1	1		3	3	2	
133-165.....	27.9		2	8	5	3	1	1
166 plus.....	24.5	3	4	8	11	7		
Total.....		6	8	17	21	14	3	1
Percentage of total families.....		8.6	11.4	24.3	30	20	4.3	1.4

The quantity of food consumed by wage-earner families is relatively inelastic, consequently when prices increase more rapidly than income a greater portion of income is diverted to food. It is for the same reason that food prices can be increased, within limits, without fear of an appreciable decrease in demand. However, should the critical point be reached then there is a falling off in demand. Reports of reduced quantities as reported in Table XI showing less milk, bread, butter and eggs being used is some indication that the critical stage has been reached for these commodities which have increased greatly in price over the past six months. The reduction in bread purchases is particularly significant in that bread is usually used for "bulk" and demand decreases with rising incomes. In the present instance, it would appear that lowering standards have reached the point where families cannot buy more bread as a substitute for higher priced commodities, but have to reduce the quantity of bread as well.

Clothing Expenditures

Clothing, unlike shelter, food, fuel and light, is not an immediately consumable good, hence its purchase can be deferred for limited periods without acute discomforts nor injury to health and self-respect. For this reason clothing acts

as a buffer in budget items between the immediate day-to-day essentials such as food and shelter and the remaining deferrable items such as home furnishings and recreation. During periods of declining living standards families in their struggle to maintain the existing level by reducing expenditures of least pressing items. In a period such as the present families have long ago eliminated expenditures for these non-essentials and have shifted their economizing program well into the clothing budget.

Table XIV shows no report on clothing from eighteen families, or 26 per cent, while the 1939 survey showed expenditures of \$8 to \$15 per month or 10 to 11.4 per cent of income with an average of \$13 and 11 per cent for all families. Table XV shows that 64 per cent of families are spending less than 10 per cent of their income on clothing, whereas in 1939 the average for all families was 10 per cent.

TABLE XIV—DISTRIBUTION OF CLOTHING EXPENDITURES BY DOLLARS AND INCOME GROUPS

Income per person per year	1939 Amt.	Not given	\$ -9	\$ 10-14	\$ 15-19	\$ 20-24	\$ 25 plus
\$	\$						
100-199.....	8	3					
200-299.....	12	5		2	4		3
300-399.....	15	4	4	4	2	7	2
400-499.....	15	3	4	2	6	2	3
500-599.....	16	2	1	2			
600 plus.....	19	1	1	2			
Total.....		18	10	12	12	9	9
Percentage of families.....		26	14	17	17	13	13

TABLE XV—DISTRIBUTION OF CLOTHING EXPENDITURES BY PERCENTAGE OF INCOME AND INCOME GROUPS

Monthly Income	1939 P.c.	Not given	-4 P.c.	5-9 P.c.	10-14 P.c.	15 plus P.c.	Number of families	P.c. of total	P.c. total 1939
\$									
100-199.....	10.0	3					3	4	10
200-299.....	11.4	5		5		4	14	20	29
300-399.....	11.0	4	2	6	7	4	23	33	28
400-499.....	11.9	3	3	5	8	1	20	29	19
500-599.....	11.0	2	2	1			5	7	9
600 plus.....	10.0	1	3		1		5	7	5
Total.....		18	10	17	16	9	70		
Percentage of familie.....		26	14	24	23	13	100	100	100

The clothing budget compiled by the Welfare Council of Toronto, adjusted to December 1947, is given in column 5 of the Master Sheet and sets out the minimum standard for health and self-respect. The amounts listed make allowances for age and sex of children and adults. The actual family expenditures as reported in the survey were, with one or two exceptions, far below minimum requirements and the greatest discrepancies were concentrated about the larger families with one wage-earner.

Fuel and Light

Families spend a smaller portion on fuel and light as income increases. However, since 1939, despite the higher level of income, the more rapid rise in prices is forcing families to make larger expenditures and report a higher percentage of their budget for fuel and light. Fuel and light are daily essentials which have the same quantity demand even after prices increase.

TABLE XVI—DISTRIBUTION OF FUEL AND LIGHT EXPENDITURES BY PERCENTAGE OF INCOME AND INCOME GROUPS

Income per person per year	P.c. 1939 income	Not given	-5 p.c.	6-7 p.c.	8-9 p.c.	10 plus p.c.
\$						
100-199.....	8.6	2				1
200-299.....	7.6	2	2	1	5	4
300-399.....	7.1	2	5	6	5	7
400-499.....	5.8	1	5	4	4	6
500-599.....	6.3		3		1	1
600 plus.....	5.3		1	3		1
Total.....		7	16	14	13	20
Percentage of families.....		10	22	20	19	29

It may be assumed that the twenty-three families reporting no expenditure or expenditures less than 5 per cent have fuel and in some cases gas and hydro included in the rent payment. The remaining forty-seven families, or 68 per cent, paying 6 to more than 10 per cent of income are exceeding the 5.3 to 8.6 per cent paid for light and fuel in 1939. Whereas in 1939 the lowest income group, being 10 per cent of the total number of families, spent 8.6 per cent of their income for fuel and light, in 1947 a similar percentage was paid by 19 per cent of the families. These families in 1939 paid from 6.3 to 7.6 per cent of their income for these commodities.

Combined Expenditure for Food, Shelter, Fuel and Light

Food, shelter, fuel and light are the three largest items in low income budgets. They are daily essentials and hence are subject to smaller variations in demand than other less essential items.

TABLE XVII—DISTRIBUTION OF COMBINED EXPENDITURE FOR FOOD, SHELTER, FUEL AND LIGHT BY PERCENTAGE OF INCOME OVER 1939

Monthly Income	P.c. income 1939	Not complete	Percentage over 1939 Expenditure (prev. column)					
			Less than 1939	0-99 P.c.	10-29.9 P.c.	20-29.9 P.c.	30-39.9 P.c.	40 plus P.c.
\$								
33-65.....	71.5	3			1			
66-99.....	63.5	1				1	1	
100-132.....	58.0	2	1		1	3	1	2
133-165.....	53.3		2	4	4	4	4	2
166 plus.....	50.4	3	2	5	9	7	6	1
Total.....		9	3	9	15	15	12	5
Percentage of families.....		13	7	12	22	22	17	7

Table XVI shows 1939 percentages for these most essential items and gives the increases over 1939 budget quantities for different categories of income. With 13 per cent incomplete, only five families, or 7 per cent reported percentages less than 1939, while the remaining 80 per cent had increases as high as 40 per cent. In 1939 expenditures varied from 50.4 to 71.5 per cent of income, but present expenditures take up to 100 per cent of income. In some instances the percentage for food expenditure now exceeds the 1939 percentage for all these items.

Recreation and Church, and Health Maintenance Expenditures

Recreation and church, and health maintenance expenditures are subject to wide variations according to the income of the family. When living costs increase they are among the first items to be reduced.

TABLE XVIII—DOLLAR AND PERCENTAGE EXPENDITURES FOR RECREATION AND HEALTH MAINTENANCE, DBS SURVEY 1939

Income per person	Recreation		Health Maintenance	
	Exp. per family	P.c. income of family	Exp. per family	P.c. income of family
\$	\$		\$	
100-199.....	44	4.7	37	3.9
200-299.....	69	5.6	48	4.7
300-399.....	92	6.4	68	4.7
400-499.....	108	6.7	74	4.6
500-599.....	118	6.6	84	4.7
600 plus.....	155	6.9	98	4.4
Average.....	89	6.2	65	4.5

SOURCE: Family Income and Expenditure in Canada 1937-1938, Table 89, p. 104, Table 106, p. 119: Dominion Bureau of Statistics, 1940.

The Hamilton survey shows no return from twenty-six families, or 37 per cent, for recreation and church, and 34, or 50 per cent, reported amounts less than the 1939 budget. Greater expenditures were returned by the remaining 13 per cent.

In 1939, according to the DBS Survey, average health expenditure per family was \$65, or 4·5 per cent of income. Few Hamilton families reported expenditures for health, some 14 families reported regular monthly payments to clear back medical debts, and 14 others reported medical debts ranging from \$8 to \$244.

Debts and Savings

Thirty-six families, or about one-half the total number, reported debts, ranging from \$4 to \$430. Eight families were making regular payments on principal. In contrast, 9 families reported savings, ranging from 2 per cent of income for some types of insurance to as much as 7 per cent of income. A survey of Toronto families in 1939 showed annual gross savings at 9·8 per cent of income.

Total of Expenditure Listed in Hamilton Survey

Total expenditure for shelter, food, fuel and light, clothing, recreation and church, and health maintenance amounted to 78·8 per cent of the 1939 budget. At the present time these items alone, omitting household operation, personal care, transportation, children's education and vocational expenditures, and community welfare and gifts, in a number of cases take up the full income. In 1939, on a national average, 21·2 per cent of income remained for these other items.

Columns 13 (a), (b) and (c) of the Master Sheet give the amounts now spent on these items, the percentage of income, and the percentage spent in 1939. Column 13 (d) gives the increase in monthly income and the percentage increase required to maintain 1939 standards of living for that category of income. Only 14, or 20 per cent, of families reported standards on a par with or better than 1939.

Cost of Living, November 1, 1947

The various items comprising the cost of living index have increased at different rates to make a re-apportionment necessary in the budget. The budget percentage of 1,135 British families used in the DBS survey of 1939 are given in Table XIX.

TABLE XIX—BUDGET PROPORTIONS FROM DBS SURVEY, 1939, AND
NOVEMBER, 1947, PROPORTIONS AS ADJUSTED

Item	1939 Exp.	1939 P.c.	DBS index for item	Increase	Total	P.c. of new total
	\$			\$	\$	
Food.....	431	30·2	173·6	317	748	36
Shelter.....	283	19·8	119·9	56	339	17
Fuel and light.....	100	7·0	122·6	22	122	6
Clothing.....	159	11·1	152·0	83	242	12
Household operation.....	123	8·7				
Health.....	65	4·5	151·4	1·9	321	15
Personal care.....	24	1·7				
Transportation.....	93	6·5				
Recreation.....	89	6·2				
Childrens Ed. and Vocation.....	20	1·4	118·2	44	287	14
Community Welfare and Gifts.....	41	2·9				
Total.....	1,428			\$631	\$2,059	100%

Table XIX giving increases over 1939, shows that \$631 are required on the 1939 national average of \$1,428 to bring the total to \$2,059. Budget percentages have been shifted in favour of items such as food which show the greatest increases. An over-all increase of 44 per cent of 1939 average income would be required for the same level of living on November 1, 1947. Because of the high cost of food, families must now spend 36 per cent of their budget for food, as against 30 per cent in 1939, provided income has increased as rapidly as the over-all index. If income have not increased at the same rate, as was the case in Hamilton, families must spend a larger and larger percentage as income lags.

Attempts to Increase Income

With income lagging behind increases in the cost of living, families have attempted various means to increase the family income. The survey showed that earnings of the main wage-earner were supplemented by cashing bonds, taking out loans, purchase on credit, working mothers, work permits for juveniles, and extra work by the father. Table XX lists the various methods and the number of families using the methods.

No. of families	Per cent. of families	Method
3	4	Cashing bonds in past 6 months
17	24	Taking out loans (deferred saving)
12	17	Purchases on credit
24	34	Work of mother during past 6 months
7	10	Juvenile work permits
4	6	Extra work by father

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HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 24

MONDAY, MARCH 15, 1948

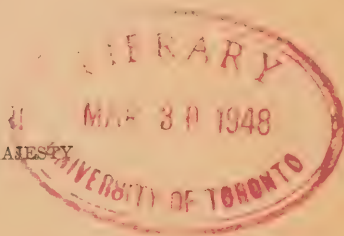
WITNESSES:

Mr. K. W. Taylor, Chairman, Wartime Prices and Trade Board.

Mr. J. F. Singleton, Associate Director of Marketing Service, Dairy Products, Dept. of Agriculture.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY

1948



MINUTES OF PROCEEDINGS

MONDAY, MARCH 15, 1948.

The Special Committee on Prices met at 11.00 a.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Harkness, Irvine, Johnston, Lesage, MacInnis, Martin, Maybank, McCubbin, Merritt, Winters.

Mr. Fabio Monet, K.C., Counsel to the Committee, in attendance.

Mr. Monet filed,

Exhibit No. 52—Butter statistics, 1939-1948, prepared by the Dominion Bureau of Statistics, Agricultural Division. (*Printed in this day's Minutes of Evidence*).

Exhibit No. 53—Chart indicating wholesale prices of butter in New York and Montreal, 1946-47-48. (*Printed as an Appendix to this day's Minutes of Evidence*).

Mr. K. W. Taylor, Chairman, Wartime Prices and Trade Board, was recalled and further examined.

At 12.30 p.m., the Vice-Chairman, Mr. Maybank, took the chair.

At 1.00 p.m. witness retired and the Committee adjourned until 4.00 p.m. this day.

AFTERNOON SITTING

The Committee met again at 4.00 p.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Harkness, Irvine, Johnston, Lesage, MacInnis, Martin, Maybank, McCubbin, Merritt, Winters.

Mr. Fabio Monet, K.C., Counsel to the Committee, in attendance.

Counsel filed,

Exhibit No. 54—Copy of Wartime Prices and Trade Board Order No. A-2468, dated January 16, 1948, and amending Order No. A-2485, dated February 26, 1948, regarding maximum prices of butter. (*Printed in this day's Minutes of Evidence*).

Mr. Taylor was recalled and further examined.

At 4.30 p.m. the Members were called in the House for a division and the Committee took recess for twenty minutes.

Witness retired.

Mr. J. F. Singleton, Associate Director of Marketing Service, Dairy Products, Dept. of Agriculture, was called, sworn and examined.

At 6.00 p.m. witness retired and the Committee adjourned until Tuesday, March 16, at 11.00 a.m.

R. ARSENEAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
MARCH 15, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Chairman, Hon. Paul Martin, presided.

The CHAIRMAN: The meeting will come to order. Mr. Monet, are you ready to start our inquiry on butter?

Mr. MONET: I am.

The CHAIRMAN: Will you kindly proceed.

Mr. MONET: Mr. Chairman, I wish to file as exhibit No. 52 the butter statistics for the years 1939 to 1948, inclusive of January and February of this year, prepared for the House of Commons Special Committee on Prices by the Dominion Bureau of Statistics.

The CHAIRMAN: Are there copies for the members?

Mr. MONET: Yes.

The CHAIRMAN: Well they will be distributed.

Mr. MAYBANK: What was the page in the evidence where Mr. Taylor was dealing with butter?

Mr. MONET: 70, 72, 74, 80, 83.

As exhibit No. 53 I will file this chart and say for the information of the members of the committee that it was prepared by the secretariat. The first segment of the chart refers to the part of the evidence given by Mr. Taylor at page 74 where there was a question of the price of butter in the United States as compared with Canada. The first segment deals with New York prices and Montreal prices. The second and third segments correspond with the figures given in exhibit 52.

Mr. MAYBANK: It might be desirable to decide how we shall print this material.

The CHAIRMAN: What is your thought?

Mr. MAYBANK: No. 52 offers no problem, it is just an ordinary job of printing and I suggest it go in as though read into the record because the questions will be asked upon it. In connection with the other one I do not know, there may be a problem in connection with printing.

The CHAIRMAN: It would have to be a folded page.

Mr. MAYBANK: In view of the fact the questions may not be directly upon the chart would it be satisfactory to have the chart printed as a appendix?

The CHAIRMAN: That is Mr. Arsenault's suggestion. Is it agreed that exhibit No. 53 shall be printed as an appendix but No. 52 shall be printed here?

Agreed.

EXHIBIT No. 52—Butter statistics 1939-1948.

AGRICULTURAL DIVISION
DOMINION BUREAU OF STATISTICS
OTTAWA, CANADA

BUTTER STATISTICS, 1939-1948

Prepared for House of Commons Special Committee on Prices
Session 1947-1948

TABLE I.—DOMESTIC DISAPPEARANCE OF TOTAL BUTTER IN CANADA¹
(1939 to 1947)

Year	A	B	C	D	E	F	G	H	I
	Produc- tion	Stocks first of year	Imports	Total supply (A+B+C)	Exports	Stocks end of year	Total deduc- tions (E+F)	Domestic dis- appearance	
								Total (D-G)	Per capita ²
	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	lb.
1939.....	356,878	45,120	5	402,003	12,399	41,769	54,168	347,835	30.87
1940.....	350,986	41,769	4	392,759	1,337	34,071	35,408	357,351	31.40
1941.....	370,795	34,071	482	405,348	1,482	44,368	45,850	359,498	31.49
1942.....	365,798	44,369	593	410,760	1,601	23,213	24,814	385,946	33.69
1943.....	369,316	23,213	1	392,530	9,408	46,451	55,859	336,671	29.25
1944.....	356,013	46,684	1	402,698	4,727	41,247	45,974	356,724	30.81
1945.....	349,899	41,247	3	391,149	5,598	36,499	42,097	349,052	29.84
1946.....	328,194	36,499	26	364,719	4,509	44,279	48,788	315,931	25.75
1947.....	349,145	44,279	5,119	398,544	3,107	44,049	47,156	351,387	27.93

¹ Production and stocks (A+B) include creamery butter, dairy butter and whey butter. In 1947, the production of creamery butter represented 83.3 per cent of the total make, dairy butter 16.1 per cent, and whey butter 0.6 per cent.

² Based on population figures which have been adjusted for overseas personnel, 1941 to 1946.

TABLE II.—PRODUCTION OF BUTTER IN CANADA BY MONTHS
(1939 to 1947)

—	1939	1940	1941	1942	1943	1944	1945	1946	1947
	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.
January.....	16,770	17,192	18,346	17,024	17,003	15,268	15,685	14,039	14,362
February.....	15,810	16,253	16,959	15,980	16,511	16,713	15,117	13,307	13,429
March.....	19,225	18,541	20,335	19,235	20,672	19,497	20,019	17,277	17,788
April.....	23,641	24,186	26,488	23,923	27,851	24,841	25,721	24,420	25,506
May.....	36,577	35,812	41,470	37,400	37,812	39,700	37,831	37,269	37,032
June.....	50,912	49,525	49,668	50,227	52,630	51,841	50,221	48,381	49,400
July.....	45,535	46,921	46,203	47,192	49,414	46,368	47,280	45,804	47,391
August.....	41,099	40,624	42,156	42,690	43,514	41,501	42,425	38,595	40,932
September.....	37,948	34,253	39,870	38,808	38,386	36,166	35,318	31,003	38,832
October.....	31,014	29,631	31,795	31,689	29,744	28,921	28,341	26,663	31,670
November.....	21,360	20,825	20,601	22,365	19,585	20,322	17,981	17,587	18,928
December.....	16,987	17,223	16,903	19,265	15,594	15,875	13,960	13,849	13,875
Year—Creamery Butter....	267,613	264,724	285,848	284,591	311,709	298,777	293,811	271,491	290,841
Dairy Butter....	87,459	84,256	82,796	78,525	55,407	54,580	53,283	54,225	56,295
Whey Butter....	1,806	2,006	2,151	2,682	2,200	2,656	2,805	2,478	2,009
Total butter..	356,878	350,986	370,795	365,798	369,316	356,013	349,899	328,194	349,145

TABLE III.—STOCKS OF BUTTER IN CANADA AT THE FIRST OF EACH MONTH
(1939 to 1948)

—	Jan. 1	Feb. 1	Mar. 1	Apr. 1	May 1	June 1	July 1	Aug. 1	Sept. 1	Oct. 1	Nov. 1	Dec. 1
	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.
1939 ¹	45,120	35,382	23,616	13,213	9,953	15,084	33,047	47,071	55,637	57,852	56,901	50,044
1940 ¹	41,769	33,369	23,371	14,232	10,611	15,799	33,763	51,037	59,475	59,681	52,702	42,672
1941 ¹	34,071	27,596	18,469	11,150	10,038	20,045	37,711	52,273	62,811	68,785	65,275	54,500
1942 ¹	44,368	33,325	21,797	11,261	6,695	11,456	28,331	43,311	51,140	53,454	44,655	32,535
1943 ¹	23,213	15,324	12,427	10,026	11,378	19,865	42,265	63,239	75,655	79,318	73,013	59,724
1944 ¹	46,684	33,648	20,343	11,693	9,541	17,735	38,193	54,378	64,758	68,269	64,141	52,925
1945.....	41,247	30,826	20,807	13,621	12,816	19,751	40,263	56,960	68,199	71,995	65,556	51,678
1946.....	36,499	23,011	9,997	5,450	6,872	18,363	40,088	58,799	68,914	71,137	67,441	57,126
1947 ¹	44,279	32,016	24,222	15,419	11,327	24,046	42,861	59,430	67,509	73,680	71,426	59,594
1948 ²	44,049	31,703										

NOTE.—Whey butter stocks January 1, 1944 to February 1, 1948, are included.

¹ Includes imported butter; stocks in bond not included.

² Preliminary figures.

TABLE IV.—DOMESTIC DISAPPEARANCE OF TOTAL BUTTER IN CANADA, BY MONTHS, 1939 TO 1947

—	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.
1939...	25,146	25,156	27,450	26,268	30,438	31,662	29,865	31,519	35,500	31,705	27,969	25,157	347,835
1940...	25,498	26,174	27,645	27,720	30,573	31,425	29,519	32,036	33,878	36,465	30,709	25,709	357,351
1941...	24,755	26,068	27,725	27,718	31,375	31,857	31,479	31,476	33,743	35,187	31,187	26,928	359,498
1942...	27,990	27,428	29,726	28,479	33,013	33,267	32,002	34,641	36,216	40,254	34,425	28,505	385,946
1943...	25,449	19,312	23,010	26,479	29,235	30,013	28,350	31,030	34,324	31,399	29,638	28,432	336,671
1944...	28,220	28,565	27,824	26,574	30,790	30,932	29,632	30,671	32,362	32,732	31,208	27,214	356,724
1945...	25,891	24,708	26,660	25,979	30,463	29,193	30,317	30,763	31,155	33,944	31,417	28,562	349,052
1946...	27,225	26,063	21,461	22,836	25,565	26,451	26,760	27,549	28,192	30,080	27,455	26,294	315,931
1947...	26,205	25,061	27,291	29,445	23,803	30,028	30,643	32,709	32,467	33,725	30,662	29,348	351,387

NOTE.—Total butter production includes creamery, dairy and whey butter for all years, but whey butter stocks cover the period commencing January 1, 1944.

TABLE V.—CREAMERY BUTTER-FAT PRICES IN CANADA BY PROVINCES,
1939 TO 1947¹

—	Canada	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.
	cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.
JANUARY										
1942.....	31.3	33.2	33.5	32.5	35.7	33.4	29.6	28.4	27.5	32.3
1943.....	46.0	51.1	50.5	51.4	47.4	48.3	44.1	42.0	44.3	45.8
1944.....	44.4	47.1	49.5	49.8	46.2	44.8	45.7	43.0	41.5	42.3
1945.....	44.4	47.1	50.0	49.5	47.3	44.3	44.1	42.8	42.0	43.8
1946.....	45.2	48.6	48.2	49.3	47.7	45.9	44.3	43.9	42.2	45.2
1947.....	49.8	51.3	51.1	50.7	51.0	50.7	48.9	48.6	47.6	48.4
FEBRUARY										
1942.....	32.6	35.0	35.0	35.0	36.2	35.0	30.7	29.4	29.9	32.5
1943.....	45.8	48.4	50.8	50.0	46.7	48.2	44.2	42.0	44.8	44.9
1944.....	44.9	49.4	49.6	51.9	47.2	47.1	44.1	43.1	41.9	42.7
1945.....	44.8	46.6	50.0	52.1	47.2	45.8	44.4	42.9	42.1	44.4
1946.....	45.3	49.4	48.3	50.0	48.2	46.4	44.5	43.9	42.4	45.7
1947.....	50.2	51.4	51.1	51.4	52.3	51.8	48.9	48.7	47.7	49.6
MARCH										
1942.....	32.7	33.6	37.2	35.8	36.7	34.4	31.0	29.2	30.0	34.4
1943.....	45.6	50.5	46.6	52.2	46.9	47.1	43.5	42.9	44.6	48.0
1944.....	44.6	49.5	49.6	50.9	47.3	45.6	44.3	43.5	41.9	43.3
1945.....	44.5	46.9	50.0	48.8	47.2	45.3	43.0	42.8	41.9	44.4
1946.....	46.4	48.8	47.8	48.6	48.5	48.3	46.3	43.8	42.2	46.1
1947.....	50.6	53.7	51.1	51.6	52.3	52.1	48.7	48.8	47.7	50.4
APRIL										
1942.....	34.0	36.0	37.4	36.2	37.0	35.2	31.6	30.7	31.2	32.7
1943.....	45.5	49.7	47.2	51.0	46.8	46.7	42.5	42.6	45.3	41.9
1944.....	45.1	48.0	49.6	48.4	47.1	46.5	42.9	43.7	41.6	42.6
1945.....	44.9	46.7	50.0	48.8	46.0	45.7	44.7	42.3	42.0	42.7
1946.....	51.7	53.4	52.7	53.1	53.5	53.6	50.3	48.1	47.0	49.8
1947.....	51.4	52.5	51.1	51.7	53.0	53.0	48.7	48.2	47.5	50.0
MAY										
1942.....	34.3	36.0	37.3	37.7	37.0	35.0	31.9	31.6	31.0	32.0
1943.....	42.3	46.4	48.2	46.8	42.2	45.7	40.0	39.3	39.2	40.2
1944.....	44.0	46.8	49.8	48.2	45.6	45.3	42.3	41.7	40.9	41.0
1945.....	44.3	46.1	49.9	47.2	45.2	45.2	44.1	41.1	41.7	41.6
1946.....	50.6	53.4	53.4	53.3	52.5	52.6	48.0	46.5	46.1	49.1
1947.....	51.0	52.5	52.6	53.1	52.0	52.2	48.5	48.4	48.9	49.0
JUNE										
1942.....	34.3	36.7	37.6	38.0	37.0	35.0	31.5	31.5	30.9	32.8
1943.....	41.0	46.7	46.5	46.2	41.5	42.0	39.4	38.6	38.8	42.4
1944.....	42.6	44.4	48.0	45.8	44.5	42.9	39.5	41.4	40.1	40.3
1945.....	43.1	44.3	48.7	45.5	44.7	43.4	40.6	41.0	40.8	42.0
1946.....	49.3	51.7	50.5	52.3	50.5	51.6	47.6	45.8	44.8	48.4
1947.....	51.7	52.7	52.5	53.5	52.8	52.6	50.0	49.8	49.4	49.7

¹ All prices are F.O.B. farm—subsidies included and haulage costs deducted.

TABLE V.—CREAMERY BUTTER-FAT PROCES IN CANADA BY PROVINCES,
1939 TO 1947¹—*Concluded*

	Canada	P.E.I.	N.S.	N.B.	Que.	Ont.-	Man.	Sask.	Alta.	B.C.
	cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.
JULY										
1942.....	36.0	38.0	38.2	38.0	38.0	37.5	33.5	33.9	33.2	34.5
1943.....	40.9	42.5	45.7	45.6	41.6	42.9	37.6	38.5	38.7	43.0
1944.....	42.6	43.6	48.2	46.8	44.6	42.2	39.5	41.3	40.4	41.6
1945.....	44.3	43.7	48.7	47.1	44.9	45.7	41.5	42.1	41.0	42.4
1946.....	49.4	51.5	51.7	51.1	51.5	50.4	47.7	47.0	45.3	47.9
1947.....	52.5	54.1	52.9	53.1	53.0	52.8	52.5	51.6	51.3	49.7
AUGUST										
1942.....	37.0	38.7	41.7	38.0	37.7	38.6	35.1	36.4	33.8	34.4
1943.....	40.7	44.9	46.2	45.8	41.9	42.0	38.4	38.3	37.6	42.6
1944.....	43.4	43.6	49.6	45.8	45.0	44.6	39.2	42.1	40.9	44.4
1945.....	43.6	43.8	48.6	45.4	45.4	44.0	40.0	42.2	41.1	43.0
1946.....	49.7	52.2	52.0	51.7	51.8	50.7	54.5	48.1	46.4	49.2
1947.....	56.2	55.2	56.8	55.8	57.1	56.2	56.0	54.9	55.3	53.7
SEPTEMBER										
1942.....	42.6	43.6	44.8	44.0	43.7	43.8	41.0	40.8	40.4	40.8
1943.....	40.8	44.4	46.9	44.6	41.9	41.5	38.0	38.5	37.9	42.2
1944.....	43.8	45.5	49.6	48.4	45.7	44.9	37.7	41.9	40.9	46.5
1945.....	43.9	44.0	49.4	46.5	45.6	43.6	41.0	42.3	41.3	43.5
1946.....	50.4	52.8	52.7	52.2	52.0	51.2	46.1	48.1	46.6	48.3
1947.....	62.0	61.8	62.0	63.3	62.8	61.5	62.0	61.2	60.7	62.1
OCTOBER										
1942.....	40.8	44.0	44.0	43.0	42.8	41.5	38.2	37.5	37.7	40.4
1943.....	41.4	44.9	46.9	45.9	52.5	41.7	38.2	39.4	39.1	44.0
1944.....	44.1	45.9	49.6	47.4	46.2	44.3	38.7	41.9	40.6	45.9
1945.....	44.4	45.4	49.5	48.9	46.4	43.7	39.5	43.1	41.5	42.4
1946.....	51.0	53.4	52.9	52.3	52.5	52.8	47.3	48.0	46.4	49.1
1947.....	62.2	62.4	61.6	63.0	63.2	62.2	61.1	59.3	59.9	62.6
NOVEMBER										
1942.....	42.2	43.7	43.6	44.0	43.3	44.3	39.3	39.3	39.5	42.6
1943.....	42.0	46.2	47.8	46.3	43.4	42.8	41.6	40.3	36.7	45.2
1944.....	44.8	46.7	49.6	48.3	46.2	45.5	42.0	42.5	41.7	47.4
1945.....	45.3	47.1	49.6	47.7	47.0	45.1	42.6	43.7	42.5	43.6
1946.....	50.5	50.9	50.8	53.8	52.5	51.0	47.1	48.1	47.9	48.9
1947.....	63.2	65.4	64.9	65.5	64.0	63.0	62.5	62.4	60.9	63.4
DECEMBER										
1942.....	44.3	46.0	47.0	46.5	46.0	46.7	41.9	41.0	41.3	44.0
1943.....	43.3	45.2	46.7	47.6	46.1	44.7	41.0	40.9	40.1	44.6
1944.....	44.9	46.7	49.6	50.4	46.2	45.6	43.3	43.0	41.9	46.4
1945.....	46.1	47.6	50.0	48.6	49.0	46.8	43.9	44.2	42.5	44.9
1946.....	50.4	50.9	50.8	53.8	53.0	51.0	47.1	48.1	47.9	49.0
1947.....	65.0	72.4	69.0	69.5	65.0	64.0	65.5	66.6	67.1	63.4

¹ All prices are f.o.b. farm—subsidies included and haulage costs deducted.

TABLE VI.—MONTHLY AVERAGE BUTTER PRICES AT MONTREAL (NO. 1 SOLIDS)

(Based on Daily Quotations of the Canadian Commodity Exchange)

—	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Yearly average
	cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.
1939...	22 $\frac{1}{2}$	22 $\frac{3}{4}$	21 $\frac{1}{2}$	21 $\frac{1}{2}$	20 $\frac{1}{2}$	21 $\frac{1}{2}$	21 $\frac{1}{2}$	21 $\frac{1}{2}$	26 $\frac{1}{2}$	27 $\frac{1}{2}$	28 $\frac{1}{2}$	28	23 $\frac{1}{10}$
1940...	27 $\frac{1}{2}$	26 $\frac{1}{4}$	27 $\frac{1}{2}$	26 $\frac{1}{2}$	23 $\frac{1}{2}$	22 $\frac{3}{4}$	22 $\frac{3}{4}$	22 $\frac{3}{4}$	23 $\frac{3}{4}$	27 $\frac{1}{2}$	30 $\frac{3}{4}$	35	26 $\frac{9}{10}$
1941...	34	33 $\frac{3}{4}$	35	31 $\frac{1}{2}$	30 $\frac{3}{4}$	31 $\frac{1}{2}$	35 $\frac{3}{4}$	36 $\frac{3}{4}$	34 $\frac{1}{2}$	33	34 $\frac{1}{2}$	34 $\frac{3}{4}$	33 $\frac{1}{10}$
1942...	34 $\frac{1}{2}$	34 $\frac{1}{2}$	35 $\frac{1}{2}$	35 $\frac{1}{2}$	35	34 $\frac{1}{2}$	34 $\frac{1}{2}$	34 $\frac{1}{2}$	35 $\frac{1}{2}$	35 $\frac{1}{2}$	36	36 $\frac{1}{2}$	35
1943...	35 $\frac{1}{2}$	35 $\frac{1}{2}$	35 $\frac{1}{2}$	35	33	33	33	33 $\frac{1}{2}$	33 $\frac{1}{2}$	34 $\frac{3}{4}$	35	35 $\frac{1}{2}$	34 $\frac{1}{10}$
1944...	35 $\frac{1}{2}$	35 $\frac{1}{2}$	35 $\frac{1}{2}$	35 $\frac{1}{2}$	35 $\frac{1}{2}$	33	33 $\frac{1}{2}$	34 $\frac{1}{2}$	34 $\frac{1}{2}$	35	35 $\frac{1}{2}$	35 $\frac{1}{2}$	34 $\frac{1}{2}$
1945...	35 $\frac{1}{2}$	35 $\frac{1}{2}$	35 $\frac{1}{2}$	34 $\frac{1}{10}$	33 $\frac{3}{4}$	34	34 $\frac{1}{2}$	34 $\frac{1}{2}$	34 $\frac{1}{2}$	35 $\frac{1}{2}$	36	35 $\frac{1}{2}$	34 $\frac{1}{2}$
1946...	36	36	36	40	38 $\frac{1}{2}$	38 $\frac{3}{4}$	39 $\frac{3}{4}$	40	40	40	40	40	38 $\frac{3}{4}$
1947...	40	40	40	40	48 $\frac{1}{2}$	49 $\frac{1}{2}$	49 $\frac{1}{2}$	55 $\frac{1}{2}$	59 $\frac{1}{2}$	57 $\frac{1}{2}$	60 $\frac{3}{4}$	66 $\frac{1}{2}$	50 $\frac{1}{2}$
1948...	68	67 $\frac{1}{2}$ *											

* February 1-11.

TABLE VII.—AVERAGE RETAIL PRICES OF CREAMERY BUTTER PRINTS AT MONTREAL

(Quotations per pound by independent retail merchants)

—	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948
	cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.
January.....	27·2	33·1	38·5	37·2	39·1	39·0	39·3	40·6	45·4	72·8
February.....	28·0	33·1	36·8	37·3	39·1	39·1	39·3	40·7	45·4	
March.....	28·0	32·0	37·0	37·8	39·2	39·1	39·3	40·9	45·4	
April.....	27·0	32·8	37·7	38·1	39·1	39·2	39·4	42·9	45·4	
May.....	26·4	30·9	33·4	38·3	39·1	39·1	39·4	45·5	54·1	
June.....	25·7	28·2	34·0	38·5	38·3	38·7	39·2	44·3	55·1	
July.....	26·7	27·2	35·0	38·1	38·2	38·6	39·2	44·1	55·1	
August.....	26·6	27·4	39·3	38·0	38·1	38·7	39·4	45·1	55·2	
September.....	27·2	27·2	40·1	38·2	38·1	38·9	39·4	45·1	64·5	
October.....	32·6	28·5	37·9	38·5	38·3	39·1	39·4	45·3	65·2	
November.....	32·9	32·3	36·5	39·1	38·6	39·2	40·1	45·3	61·5	
December.....	33·4	34·2	37·2	40·3	38·8	39·3	40·5	45·4	67·0	
Year.....	28·5	30·6	36·9	38·3	38·7	39·0	39·5	43·8	54·9	

TABLE VIII.—DOMINION AVERAGE RETAIL PRICES OF CREAMERY BUTTER PRINTS
(Quotations per pound by independent retail merchants)

	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948
	cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.
January.....	27·8	34·2	39·3	38·4	40·0	39·8	39·9	40·6	45·0	73·2
February.....	28·6	33·9	38·1	38·4	40·0	39·9	39·9	40·6	45·0	
March.....	28·1	33·0	38·2	38·9	40·0	39·9	39·9	40·7	45·0	
April.....	28·0	33·7	38·8	39·1	40·0	39·9	39·9	43·2	45·0	
May.....	27·5	32·1	34·9	39·3	39·9	39·8	39·7	44·8	50·8	
June.....	26·9	29·1	34·9	39·3	39·1	39·3	39·3	44·1	54·4	
July.....	27·6	27·8	35·9	39·0	38·9	39·1	39·2	44·0	56·0	
August.....	27·4	28·1	40·0	38·9	38·7	39·1	39·4	44·8	56·4	
September.....	27·6	27·9	41·5	39·1	38·7	39·4	39·4	45·0	64·8	
October.....	33·6	29·2	39·3	39·5	38·9	39·7	39·5	45·0	66·3	
November.....	34·4	32·9	37·6	40·0	39·3	39·8	40·1	45·0	63·8	
December.....	34·5	34·9	38·5	41·0	39·6	39·8	40·4	45·0	68·4	
Year.....	29·3	31·4	38·1	39·2	39·4	39·6	39·7	43·6	55·1	

EXHIBIT No. 53—Butter—Wholesale Prices in New York and Montreal
1946-47-48 (See Appendix).

Mr. MONET: I wish to call as the first witness, Mr. K. W. Taylor, Chairman of the Wartime Prices and Trade Board.

Mr. K. W. Taylor, Chairman, Wartime Prices and Trade Board, called:

Mr. MONET: I understand Mr. Taylor has already given evidence on butter and has answered quite a few questions regarding that commodity.

The CHAIRMAN: Mr. Taylor has already been sworn.

By Mr. Monet:

Q. Mr. Taylor, I understand the price ceiling on butter was removed some-time in June 1947?—A. June 9.

Q. At the time of the removal of the ceiling on butter, Mr. Taylor, what was the ceiling price?—A. 50 cents a pound, Montreal solids basis.

Q. That would be the wholesale price, Montreal, solid?—A. Yes.

Q. And can you tell the members of the committee what butter was selling for at that time?—A. The price had been around about that ceiling level. It had been slightly under that price. I think it fluctuated between 48½ and 50 cents or 49½ cents—somewhere in that range. In other words the market price was fluctuating very slightly below the ceiling.

Q. Would you tell members of the committee why the ceiling was removed?
 —A. That, Mr. Monet, was a matter of government policy. The general policy of the government had been to decontrol prices. In March, for example, it decontrolled the price of eggs because that period, March and April, is the time of the seasonal peak production of eggs. June represents the period of peak production of most dairy products and it was felt wise by the government and it was so announced in the House of Commons on June 9. I am quoting from Mr. Abbott's statement—"These products are now at their seasonal peak of production and the price ceilings can therefore be removed with a minimum danger of significant price increases."

Q. As you just stated this was a time when the peak production was about to take place?—A. That is right.

Q. Can you tell us, Mr. Taylor, what were the immediate effects of the removal of ceilings on butter at that time?—A. There were no pronounced effects at all, Mr. Monet. The price continued to fluctuate at close to that level, somewhat below on the average, for the next six to eight weeks. I can refer the members of the committee to exhibit No. 53 where that is indicated. You will see from that chart the ceiling price was raised 10 cents a pound on the 1st of May. It then fluctuated right up until the early part of August at levels between 48 and 50 cents.

Q. And I understand the price kept increasing for quite a while?—A. The price stayed around the same level until about the first week or two of August. Then in August and September it showed a substantial increase of about 10 cents a pound in the course of the next six or seven weeks.

Q. Can you give any particular reason why at that period you just mentioned the price of butter went up again?—A. During June and July, from conversations which I had and which some of my officials had with all sections of the industry, it was quite apparent that there was in the industry some nervousness or uncertainty regarding the possibility of a break in prices. It was known, for example, that Australasian butter was selling at prices considerably below Canadian levels and there was a good deal of uncertainty in June and July by those who normally buy butter for storage that prices might break. There was some disposition to be rather cautious in approaching the market. By the end of July it had become apparent that the concern regarding the possibility of a break in prices had largely disappeared and there developed a rather active trade demand to acquire stocks, normal stocks, for winter use and winter sales. I think about all I can say about that rise in August and early September would be that it reflected an active demand bidding for butter by those protecting their supply for the coming winter.

Q. Mr. Taylor, you used the word "bidding". Do you mean on the commodity exchange?—A. Not entirely. General bidding; general active demand for butter.

Q. Is it not a fact most of the bidding for butter is made on the commodity exchange?—A. The commodity exchange reflects to a large extent the meeting of supply and demand in the major consuming markets. There is, of course, a great deal of butter that never crosses the floor of the exchange. For example, most of the western butter handled by the co-ops does not physically pass through the records of the exchange.

Q. Now, can you tell the members of the committee why the ceiling was re-imposed on butter on January 19?—A. The 15th.

Q. The 15th?—A. The 15th, or thereabouts, I have not got the exact date.

Q. I understand the administrator's order was dated January 19?—A. Yes, the government announcement of the re-imposition of ceilings was made on the 15th.

Q. And the administrator's order?—A. The ceiling was put on on the 19th.

Q. Would you tell the members of the committee why the ceiling was re-imposed on butter at that time?—A. If I may go back. I took you a moment ago up to September when the prices reached 60 cents. At that time there was a good deal of public concern about the price, and also just about that time the production figures for August, and later for September became available. They were unusually high for that season of the year as you may see by exhibit No. 52. The production figures are given in that exhibit.

Q. That would be table 2 of the production of butter in Canada by months.—A. Yes. You will see for example that September production figures are 38.8 million pounds and that is more than seven million pounds greater than for the same month of the previous year. Previously production had been running close to or only slightly above the production for the same month of the previous year. The same thing happened in October when the production was a full 5 million pounds over the production for the same month of the preceding year. That was largely responsible for quite a significant decline of butter price. In the course of September and October prices fell about 5 cents a pound, reaching the level of 55 cents by the middle or the early part of October and they stayed there, close to that level, during most of that month. Then in November production dropped back to a more normal level and it was becoming evident that consumption or domestic disappearance was running at a very high level and it seemed probable that Canadian domestic supplies, in relation to current demands, would not carry through the whole winter season. In other words we would not have enough butter to carry us through until April and May of 1948. There was a renewal of active bidding for butter and prices stiffened rapidly from a level in the high 50's until they moved up to a level between 65 and 70 cents and that level was reached by the latter part of December, 1947. Now from mid-November until the end of the year we had given a good deal of thought to the possibility of re-establishing a ceiling price on butter. We had many representations from various classes and groups of people. We had of course a considerable volume of correspondence from consumers. We had no official representation from the producer interests but I think I may say individuals who were representative of producer interests did raise the question with us on a number of occasions. They did not raise the question with me personally but they did with some of my officials. The producer interests were concerned about the high price of butter for two or three different reasons. They realized of course a high price of butter during the winter or early spring months was a benefit only to a moderate number of producers, and a high winter price, followed by a sharp drop when the new season production came along, was always disturbing to the producer interests and gave rise to a certain amount of controversy. The producers were also concerned with the high price in the light of public opinion and arguments in favour of substitutes for butter. I refer to margarine. Those interests were also concerned about the possibility of the high price inducing large imports from Australasia which would result in a price which would be a good deal lower than one that would be satisfactory. We also had representations from what I may call the trade.

By Mr. Maybank:

Q. Those were producer representatives to whom you were referring just now?—A. Yes, representatives is, perhaps, just a little too strong a word. They were conversations which were reported to me by representative producers rather than representatives of producers, if you get the distinction. In talking to my officials—they are into our office frequently—and in the course of these visits a considerable range of subjects are often covered. It was reported to me on several occasions that typical producers expressed some concern about prices getting too high.

Q. Would you mention one or two to indicate the type of producer, not the actual conversation, but just to indicate the type of person about whom you were speaking?—A. As I said before, they did not speak to me personally. These reports would be by Mr. Grisdale.

Mr. IRVINE: They would be dairy farmers?—A. Yes. Mr. Grisdale, for example, comes from Alberta and I know he saw one or two people from Alberta who happened to be down on visits. I would not like to try to recall their names because I may make a mistake and it would be unfair if I did.

Then, on two occasions at the request of the National Dairy Council, I met a delegation from that organization. One occasion was during the last week of September and the second time I met them was in the first week of December.

The meeting in September was a rather general discussion. They expressed some concern about the level of prices, more particularly where prices might go if the ordinary influences of supply and demand took their normal course. Nothing occurred as the result of the September meeting because, just after that prices started to break and went down rather than up for the reasons which I explained a few moments ago.

In the meeting in December—I think it was the 2nd of December—I met the president of the National Dairy Council and, I presume, some of his executive. There were five or six men who came in the delegation. They asked for a general discussion of the butter situation and butter prices. They expressed anxiety about the price and their hopes that it could be held at about the then prevailing level. At that time, butter was selling around 60 to 62 cents.

By Mr. Monet:

Q. Would you be able to give the exact date of the second meeting?—A. December the 2nd.

By Mr. McCubbin:

Q. Who were these men with whom you met?—A. They were representatives of the National Dairy Council. I can give you their names; I think I have them all here. There was Mr. Smellie of Winnipeg, who is chairman of the National Dairy Council this year. Mr. Duplan, of Silverwood's who, as I recall it, acted as spokesman for the delegation.

Q. He is the president?—A. Is he the president?

Q. Yes.—A. Mr. Aird, of Eastern Dairies; Mr. Jones, representing Borden's of Canada; Mr. Olive of Olive and Dorion, Montreal and Mr. St. John, who is secretary of the National Dairy Council.

By Mr. Maybank:

Q. This was when?—A. On December 2. They came in, as they said, for a general discussion. They had no brief. They had no formal recommendations. As I recall it, it was a discussion, but the main tenor of the point of view they expressed was that they were concerned about the possibility of prices going very much higher than the then level because of the short supply. They all agreed on that one point, that we were likely to be short of butter before the end of the winter unless we arranged for substantial imports. The shortage which they anticipated, the figure they mentioned, was something of the order of 10/12,000,000 pounds, as being about the deficiency.

Q. At that time, we were producing about half as much as we were using?—A. Yes, we always do during the five winter months, production amounts to about half of what we use.

It is, of course, a matter of estimation, a matter of opinion as to what consumption will be at any given price over any given period of time. They came to tell us, as representatives of the trade, that they thought we were

going to be short of butter and the shortage would be of the order of 10/12,000,000 pounds. They felt some steps should be taken to arrange to augment our supply by about 10 or 12,000,000 pounds.

The question then arose as to whether or not that butter would be available and there was a lot of discussion about that.

Q. That butter?—A. The imports.

Q. To augment the supply?—A. Yes. There was a lot of discussion as to the mechanics of arranging for imports. Should it be a government purchase? Should the trade handle it? Should it be left to private trade, and so on? The dilemma they proposed was broadly this: if you import butter at prices which are at or below our present prices, you would not need a ceiling.

By the Chairman:

Q. You would not need a ceiling?—A. You would not need a ceiling. If, on the other hand, you had no imports, a ceiling at that level would be useless. It would break down and the black market would take charge.

By Mr. Maybank:

Q. That level then was what?—A. 60 to 62 cents was the prevailing level.

By Mr. Lesage:

Q. The wholesale price?—A. Every time I quote a price, unless I say to the contrary, I mean the wholesale solids, Montreal. I pointed out that if imports were brought in I felt probably a ceiling price would come with it. They agreed, though they felt the ceiling price was probably unnecessary. If you brought in 10 or 12,000,000 pounds at 60 or 62 cents that would, in itself hold the price. On the other hand, if you had no imports but tried to impose a ceiling of 60 cents, they felt the shortage would become so acute by February or March, the black market would take charge. We had a long discussion. I think I was with that group for a couple of hours that afternoon. They raised a couple of other questions. They raised the question, for example, as to whether the government would sponsor or encourage or give its blessing to a publicity campaign to go easy on butter, to moderate consumption so as to make our available supply last a little longer.

The two points which were quite clear were, first, that they would like to see butter stay at about the present level, and the only way you could keep it at that level would be by arranging for imports.

I am aware, at second hand, of further discussions which took place between officials of the Department of Agriculture and between the Minister of Agriculture and various groups in the dairy trades during the month of December, but I am not able to speak at first hand. I will let somebody else tell you about it because I was not present.

By Mr. Maybank:

Q. Who was present at the one you have been describing now?—A. Just Mr. Grisdale and myself.

Q. No, the one which you were referring where you have not first hand knowledge. What is your understanding as to the personnel that were present?—A. I know a meeting was called by the Minister of Agriculture between Christmas and New Year's about December 28 or 29. I met some of the men who were at it and there were representatives of some of the producers in the west and representatives of the National Dairy Council. It was an all inclusive meeting which Mr. Gardiner called in the latter part of December.

Q. I understand Mr. Singleton has been called. Would he be at such a meeting?

Mr. MONET: He will be called as the next witness.

The CHAIRMAN: This was not the same group.

The WITNESS: The meeting to which I have been referring in detail was a meeting with a delegation from the National Dairy Council which asked to be heard.

By Mr. Monet:

Q. On December 2?—A. On December 2.

By Mr. Johnston:

Q. This meeting which the Minister of Agriculture held for the purpose of discussing butter production, would the conclusions from that meeting have been passed on to you as chairman of the board?—A. No.

Q. Because I would think their discussions would have been of material value to you?—A. Well, I think I can say this, Mr. Chairman; I had a number of discussions with my minister on the subject and I have reason to believe that they were discussed in council. It was my understanding that Mr. Gardiner was asked by council to make a more detailed examination of the problem. It was my understanding that Mr. Gardiner then called a meeting of all sections of the trade, producers, wholesalers and jobbers, to meet in Ottawa. My recollection is it was towards the end of December.

Q. You received no written conclusions from them?—A. No, I had a conversation with Dr. Barton one day on certain proposals being put forward. I would not want to speak of them because I was not very clear myself what the proposals were. It then went back—I think I may say this—to council with Mr. Gardiner in charge of the problem and what emerged was that on January 15 the government announced that the ceiling would be reimposed.

By Mr. Maybank:

Q. Would it be fair to describe the situation at that time as being something like this: that you held discussions with representatives from the dairy council in the way you have been mentioning, whose representations resulted in a council discussion of the problem. Then, Mr. Gardiner took over for the purpose of seeing whether the production picture already dealt with by these people with you could be materially changed. Would that be the nature of the situation at that time?—A. Yes, I would think that the question of augmenting our supplies from abroad would also be raised, I do not know whether at that meeting, but it was certainly raised because the official statement issued by the minister on January 15, in referring to butter, said, after referring to the decision to reimpose ceilings;

The government has also initiated discussions with a view of securing access to additional supplies of butter should current stocks prove insufficient to meet essential requirements.

Q. That would be part of the discussion which would be held for the purpose of seeing whether the production picture already dealt with by you with the Dairy Council could be changed in any way, either by more Canadian production or, in the absence of it, importation. That would be the motive behind the calling of such a widely representative meeting about which you have been telling us?—A. I think I can say the government was definitely concerned about the possibility of still further substantial increases in butter prices.

I want to go on to the next point. As I said, after our meeting of December 2 and consequential discussion with my own minister and, presumably, discussion

in Cabinet, Mr. Gardiner called a meeting to have further discussions with a more broadly based committee. We were, in the meantime, giving a great deal of thought to the whole problem of reimposing a ceiling. We have, for example, staff and administrative problems, quite apart from any decision about the level of the ceiling. However, on the level of the ceiling, I think I should make this point, Mr. Chairman: we were very much aware during December that active discussions were in progress with the United Kingdom on the level of agriculture export prices for 1948. One of the most important, from our point of view, was the price of cheese. Now, there is a recognized relationship between cheese prices and butter prices. A rough rule of thumb is that when butter prices per pound are double cheese prices per pound they are roughly in balance.

I recall when war broke out in September, 1939, cheese was about 10 cents a pound and butter was about 20. While that relationship does not hold mathematically every week in the year, broadly speaking the trend of prices for butter and cheese are roughly in the relationship of two to one.

Now, the cheese price for 1947 production had been 25 cents a pound under the British contract. We knew that discussions were proceeding to fix the price of cheese for 1948. It was quite impossible to reach any decision on butter prices until the cheese price had been established. Those prices were announced early in January, a range of prices on Canadian exports to the United Kingdom, and the cheese price was announced at 30 cents; that is the contract price for 1948.

By Mr. Maybank:

Q. When was that announced?—A. The 3rd or 4th of January.

By Mr. Johnston:

Q. What relative effect would that have on butter per pound, cheese at 30 cents per pound?—A. I was just going on to that. In addition to 30 cents, that is the base price for export, there are certain quality bonuses paid on cheese.

By Mr. Monet:

Q. Could you give them, as to amounts?—A. Mr. Singleton can correct me if I am making a mistake, but I think it is 2 cents per pound on top quality—94 score. I think is the terminology. Then, the Ontario government gives a bonus which is 1 cent a pound.

By Mr. Maybank:

Q. That is in the same terminology?—A. The dominion is 2 cents on 94 score and 1 cent on 93.

By Mr. Monet:

Q. Therefore, the price of 30 cents as given by you, plus the two premiums, would become 33?—A. Yes, that is what the producers can expect for cheese because it does not take any more milk to produce 94 score cheese. It just means more care in making it. The quality of cheese production over the last decade or so has improved greatly.

By Mr. Johnston:

Q. Would there be any increased cost in producing 94 score over a lower score?—A. You had better ask Mr. Singleton.

Q. I would naturally assume there was because you said there had to be more care taken which would involve more labour?—A. I think there is just more care taken, a little more time. The bulk of the cheese producers in 1948 can look forward to 33 cents for their cheese which would indicate, roughly, a 66 cent price for butter.

By Mr. Lesage:

Q. Wholesale?—A. Wholesale solids, Montreal.

By Mr. Monet:

Q. To make that perfectly clear again, I understand that all prices mentioned for butter are always wholesale, solid, Montreal?—A. Right.

Q. And throughout your evidence that was what you have been referring to?—A. That is right.

Mr. WINTERS: Does that include on siding?

The WITNESS: There is a $\frac{1}{4}$ of a cent brokerage charge above the ceiling price of 67 cents on track, Montreal. While we were giving a lot of thought to butter as early as some time during December we were not able to reach a conclusion or to make any recommendation to the government until the cheese price had been settled and that was settled on the 3rd of 4th of January and established that price at around 33 cents, that would indicate a ceiling price of butter of not less than 66 cents; and we were still looking into the possibilities of securing imports.

The CHAIRMAN: I am afraid that some members of the committee may not just understand what you mean when you refer to the ratio of butter as being 2 to 1 in relation to cheese, that they do not understand why it has to be 2 to 1.

The WITNESS: I could give you the figures on that, although Mr. Singleton who will be on the stand later on could give you them in more complete detail. I just copied it from the D.B.S. statistics a couple of years ago. You get approximately 8.9 pounds of cheese out of 100 pounds of milk, 8.93 is the conversion factor used by D.B.S.—that is the number of pounds out of 100 pounds of 3.5 milk; and it is 4.27 pounds of butter. The by-product of cheese is whey and the by-product of butter is skim milk; and there are various values attaching to the feed value of whey as compared to skim milk; on the 8.93 compared to the 4.27 and amended for the superior value of skim milk as a feed, that gives you the rule of thumb of 2 to 1.

Mr. MONET: In other words you are telling us that you get twice as much cheese as butter out of the same amount of milk?

The WITNESS: If butter is twice the price of cheese the farmer gets the same net back on his 100 pounds of milk.

Mr. LESAGE: Which decides whether he goes into cheese or butter. If there is a fractional difference, if the comparative price of butter is higher, producers will go into butter production, while on the other hand if the price of milk or cheese is higher they are going to send their milk to the cheese factory with the result that we may have a shortage of butter in Canada.

The WITNESS: In most of the larger producing areas the majority of farmers have a choice.

Mr. LESAGE: Yes.

The WITNESS: There are some areas where there is no cheese factory within range and therefore the farmer cannot switch to cheese; but there are very large areas—one of the most conspicuous is in Quebec where they have dual factories, making either butter or cheese in the same plant; and the choice of whether to make butter or cheese is based entirely on as little as $\frac{1}{4}$ of a cent or $\frac{1}{8}$ of a cent difference in the market.

The CHAIRMAN: On the market for fluid milk, for butter as compared to cheese, or vice versa?

The WITNESS: In the fluid milk market?

The CHAIRMAN: Yes.

Mr. LESAGE: Not on the eastern market.

The CHAIRMAN: I am speaking of generally. There are places where the availability of a factory is the determining factor in the decision made by the farmer; but the controlling, the over-all consideration, is supply and demand for each product.

The WITNESS: The preferred market is the urban fluid milk market. That is where they get the highest net return normally for their milk. About 25 per cent of all milk goes into the fluid milk market; nearly one-half, a little less than one-half of all milk produced in Canada goes into butter; about $\frac{1}{6}$ or $\frac{1}{7}$ of all milk goes into cheese; and the rest goes into powdered milk and things of that sort. I make that as a general statement, but if you want more complete details there will be others here who can supply them to you.

Mr. MONET: For the benefit of members of the committee, Mr. Singleton is present and he will be able to furnish particulars with regard to the utilization of milk in Canada and the committee will be able to follow that up in as much detail as they like.

By Mr. Maybank:

Q. I want to go back now and touch on the subject of demand in relation to the cheese contract you have been describing, that indicates plenty of demand for milk.—A. Yes. The demand under the United Kingdom contract is for a quantity of cheese which is probably a little in excess of what we are likely to have available during the coming year. That is a matter of opinion, of course; but that is what it is likely to be compared to what it has been in the past years. In the past the United Kingdom has attached a great deal of importance to cheese and has intimated that they will be in a position to take almost an unlimited quantity of cheese, over and beyond the amount mentioned in the contract.

Q. When the price of cheese is lower?—A. Yes, but the price of cheese from the point of view of the dairy industry as a whole is the king pin, the key to the whole dairy price structure. That is my understanding.

Mr. MONET: While we are on this, Mr. Taylor, I would like to finish with this part of your presentation. Members of the committee may question you as much as they like later on. Are we to understand that the ceiling price date when the 67-cent price was fixed, was the 4th of January; that is when you pressed for a settlement of this cheese contract situation?

The WITNESS: During December the discussion ranged around 61 cents, 62 cents and even 65 cents, but we always came back to the point that there was no use talking about it until the cheese price had been settled. When the cheese price was fixed, the discussions among the officials ranged from 65 cents to 68 cents—and the government finally made a decision to put the price at 67 cents. Now, I would say the reason for the government fixing the 67 cents was twofold; first, they did not want to roll the price too far back to the producer, the producer had been getting 68 to 69 cents over a period of 3 or 4 weeks, and they did not want to roll the price back too far, or we would have a good deal of criticism from the producers.

The VICE-CHAIRMAN: Could you put it this way: That the decision was due to the consideration of the extremities of the farmers, the conditions under which they had to produce during wartime, and reluctance to put an undue pressure on them at that particular time?

The WITNESS: No, the dairy experts thought 67 cents a not too high price for the producer.

The VICE-CHAIRMAN: That is right.

The WITNESS: And that 67 cents was a little roll-back.

By Mr. Maybank:

Q. Did they not represent that they simply could not produce at less than 67 cents in the wintertime; I should think they would represent that?—A. You mean, produce at a profit or a break-even price?

Q. Yes?—A. Yes, as you recall there had been a certain increase in feeding costs.

Q. That is what I was speaking about.—A. Which had taken place in November.

Q. Would you just stop at that first point for a moment, taking these representations that butter could not be produced or milk could not be produced and would not be produced unless there was a 67-cent price for butter; was there some examination or consideration by your board of such representations and was your board substantially in agreement with those representations, that if you rolled back any further you were making it economically dangerous?—A. Yes, although you cannot say that at 67 cents you would get butter and at 60 cents you would not get it. What happens is that as the price goes lower the marginal producer gets out of butter. There is less inducement to the farmer to feed his cows adequately with high protein feeds in order to maintain his flow of milk. To do this he probably requires anywhere from 66 to 68 cents; so, all you can say is that a lower price offers less inducement to the farmer to keep his cows milking, and the higher the price is the more milk he will produce.

Q. Did you conclude that if you set the price lower than 67 cents a considerable number of farmers would not get a fair return for their labour, having in mind their increased costs?—A. Following the announcement of the United Kingdom price we discussed various prices as low as 65 cents and as high as 68 cents, that was the range of discussion—various officials leaned towards the low side, others towards the high side. There was a very careful discussion of the whole thing and I presume the price finally announced really depended on two points; one was a reasonable price from the producers' point of view, the other that it gave just a little extra to butter as against cheese when cheese was fixed at 33 cents a pound. Certainly we in the board were anxious, and I am sure the Department of Agriculture was anxious to get away from these chronic recurring shortages of butter which we have been experiencing in the last four or five winters.

By Mr. Lesage:

Q. You wanted to get an assured winter production?—A. Yes, winter production; and winter production without question has considerable bearing on the rest of production. If you have cows in good shape you are going to have better production during the flush season.

Q. But you wanted to increase production at that time, didn't you?—A. Oh yes, very much so.

Q. And our stocks were low, weren't they?—A. Our stocks were low, but during that period we were running very close to the same figure of last year and last year we imported 5,000,000 pounds.

By Mr. Monet:

Q. In the course of all these talks about fixing the ceiling was the board ready to fix the ceiling at 65 cents?—A. The board. Mr. Monet, is an agent of the government.

Q. Was there any question of fixing it at 68 cents?—A. As I said, various prices were discussed. There were individuals there who thought the price should be 55 cents to 60 cents—those were the individuals who viewed it almost solely from the consumer's standpoint. All I can say is that in the discussions in which I participated all the factors were brought into relation; the consumers' point of view, the producers' point of view, the price of cheese and so on; and the final decision arrived at by the government was 67 cents.

Mr. JOHNSTON: Would the 67-cent rate for butter pay the producer, having regard to his costs?

The WITNESS: My information is that the producer gets almost exactly what the market calls for, and a large part of the production, particularly in the west, comes from the cooperatives.

Mr. LESAGE: The consumer pays about the same price as the producer?

The WITNESS: No. You take the wholesale price of butter in Montreal at 67 cents, that works out, when you deduct freight, that means 65 cents or 64½ cents at prairie points; and the producer, that is the farmer, is paid in terms of butter fat. There is what they call an over-run in the production of butter and with butter say selling at 68 cents the farmer would get about 72 cents per pound of butter fat.

Mr. LESAGE: Their claim is that it costs them 75.

The WITNESS: Yes.

By Mr. Monet:

Q. Mr. Taylor, could you tell the committee what would happen if the ceiling had been set at a lower price than 67 cents, say 65 cents or 64 cents; what would have been the result as far as butter production is concerned?—A. All I can say is that the lower you put the price the less encouragement you give to production. Nobody could tell you how much butter you would have got had you put the price at 60 cents, 61 cents, 62 cents or 65 cents. All I can say is that it is practically certain that as the price goes down you will get less production, and as you move the price up, other things being equal, you are likely to get more production. Looking ahead toward the coming year it was very important not to set the price below what we call parity with cheese.

Q. I understand that at the time the price was set there was already indications that a ceiling would be necessary?—A. Yes. I do not mind saying that I expressed personally the view that butter might cost 80 cents without a ceiling.

Q. Is any butter being imported, or was any being imported at that time?—A. There were possibilities. We knew they were not probabilities. Again, I cannot speak at first hand, although I know discussions were held with the British and with I presume the countries from whom they imported, Australia and New Zealand. The situation is the same there as it is in Canada, in Australia and New Zealand they have contracts with the United Kingdom on butter very similar to the one that we have on cheese; and I understand that the contract reads that Britain takes the entire exportable surplus. There are a few million pounds left out to take care of Australia's normal trade with Singapore, Hong Kong and that area which is the near by market for Australian butter.

Mr. MAYBANK: And so if you wanted to import butter from the Australian market you have to trade with Britain who has the option on it?

The WITNESS: I know that when we imported butter some 14 months ago we had to get the concurrence of the three parties concerned.

Mr. MAYBANK: And by that you mean the United Kingdom, Australia and New Zealand; and we got 5,000,000 pounds?

The WITNESS: Yes.

By Mr. Monet:

Q. I want to go back now and refer to the Dominion Bureau of Statistics' report filed as Exhibit 52, the third column to the left on Table No. 1, relating to prices in 1947; for the year 1947 we understand that there was 5,119,000 pounds imported?—A. Right.

Q. That was in 1947?—A. Right.

Q. And you can see no possibilities of imports now?—A. That was in February, I think February and March or thereabouts. I know it was in the first quarter of 1947 that we negotiated imports through the United Kingdom from Australia and New Zealand which enabled us to maintain our six ounce ration.

Q. If I understood your evidence correctly, very late last fall you could foresee no importation would be possible for 1948? Would that be correct? —A. No, I would say we still felt that imports might be possible until five or six weeks ago.

The CHAIRMAN: There are actually no importations coming in now.

The WITNESS: No. You will observe that in 1945 and 1946 there were little dribbles of butter coming in. Those are small cross border shipments. For instance we get some Alaska butter and Canadian butter goes to certain Alaska communities.

By Mr. MacInnis:

Q. Is it not a fact butter is still rationed in New Zealand to 5 or 6 ounces? —A. I understand it is still rationed.

Q. In order to meet the British demands?—A. Yes. I hasten to say that I am not expressing any dissatisfaction with their decision. We made inquiries but we did not press them. We said to them "If you have some butter to spare we would like to have it, but if you have not we understand."

Mr. MAYBANK: We were endeavouring to get imports until five or six weeks ago when it became apparent we could not get them?

The WITNESS: You would have to ask the Department of Agriculture and the Dairy Products Board who were doing the discussing.

The CHAIRMAN: If there was a decision to import?

The WITNESS: Yes.

The CHAIRMAN: Which is the important question?

By Mr. Maybank:

Q. Yes, that is what I would like to know. Was there a decision to import as far as you know?—A. All I can say is in the official government statement which I quoted a few minutes ago the government said they were initiating inquiries as to the possibility of augmenting our supplies.

Q. Yes. Had the supply been there then, it would have been worthwhile to go into the question of making a decision one way or the other, but you are not suggesting that a firm decision was made to import if the goods were available?—A. No. The Wartime Prices and Trade Board whose primary interest lies with the consumer, and I emphasize the word primary, did express the view that if there were no imports we might have a very difficult distribution problem during the month of March. There might be a shortage of butter and that would lay the basis for a rather serious black market. So far that situation has not developed. We did express the view very definitely that if the government wished to be sure that there would be adequate supplies of butter at the ceiling price we ought to give very serious thought to augmenting our supplies.

Mr. MONET: Well, Mr. Chairman, those are all the questions that I have at the moment.

The CHAIRMAN: Are there any other questions?

Mr. LESAGE: Yes. I do not know if I should ask this question of Mr. Taylor or of Mr. Singleton.

The CHAIRMAN: Mr. Singleton will be called next.

By Mr. Lesage:

Q. Yes. Well I am looking at table 1, and looking at butter exports. I understand it is a very small quantity each year, but I would like to know what our market for export is?—A. Those exports go almost entirely to Newfoundland and the West Indies. As I said before there are very small quantities that go into Alaska for purely physical and geographical reasons. There are certain places in Alaska which can only be served physically from Canadian sources. These exports are subject to a quota and butter is under export control. No person can export butter without a permit from the Department of Trade and Commerce which department is in turn working in collaboration with the prices board and the Department of Agriculture. The quota called, in 1947, for roughly 3,000,000 pounds. There is one year there where you see an export of 9½ million. That I may say occurred in a crisis, when two butter cargoes from Australia enroute to the U.K. were torpedoed. At the urgent request of the British Government we made available 7 million pounds of butter as an emergency shipment to allow them to hold their 3 ounce ration.

Q. When would that be?—A. The figure is 9.4 millions and normally the figure would be 3½ million.

Mr. MONET: That was in 1943.

The WITNESS: Yes.

Mr. MAYBANK: Because of a sinking.

The WITNESS: They lost two boats, one after another, and were desperately short of butter. To hold the ration we rushed through 7 million pounds.

By Mr. Lesage:

Q. The exports would be mainly to Newfoundland, the West Indies, and Alaska. There is a small part in the State of Maine where it is shipped for Canadian lumbermen?—A. Yes, there are some border points. In one place in British Columbia there is a small point that cuts across the boundary and there are a few hundred acres in there. There is an understanding that the Americans at that point can buy their supplies in Canada. In Maine there are a few little tongues of land where we give service because there are no roads.

Q. Exactly.—A. The figures could be produced, the breakdown, but I would say 95 per cent of that export is to Newfoundland and the West Indies.

By Mr. Maybank:

Q. You were saying the price stayed at about the ceiling level when the ceiling was removed in June, and it stayed like that until about August and September—around that time—and it went up then about 10 cents. You remarked about that time, in looking at the possibility of imports, that Australasian prices seemed to be much lower. What were the Australian prices at that time?—A. My recollection is that had we been able to buy Australasian butter at the price which they were selling to Britain in their bulk contract, it would have laid in here duty paid, somewhere between 45 and 50 cents—in that general range.

Q. Did that condition continue to remain throughout the fall—until the end of the year—or would the price have gone up?—A. My understanding is Australian butter can still be laid in here, if it were available, at something under 50 cents if we bought at the export contract price.

Mr. JOHNSTON: What was our export price to Britain?

The WITNESS: We never exported butter to Britain.

The CHAIRMAN: Oh, yes.

By Mr. Johnston:

Q. You said we did.—A. We exported the 7,000,000 pounds.

Q. Yes, that was butter.—A. I do not know what the price was.

Q. That is the butter I had reference to.—A. That was a very special deal. It was an emergency.

Mr. MAYBANK: They probably got it at our ceiling price.

The WITNESS: I would not know.

The CHAIRMAN: Mr. Maybank in your last question you mentioned Australasian butter and the witness said that it would come in here at 45 cents.

Mr. MAYBANK: Between 45 and 50 cents.

The CHAIRMAN: That was for what period?

Mr. MAYBANK: At that time. I had said if the condition which existed back around August and September had continued to the end of the year, and I think the answer was 45 to 50 cents right up to the end of the year.

The WITNESS: My understanding is they have a fixed price for the year for Australasian butter and that price runs through the whole year. Now I do not know at what price the Australians are selling butter to their own limited free market. It is my understanding they keep a few million pounds to take care of their normal contiguous consumers, Singapore, and Hong Kong—that area up in there—and the Dutch East Indies. I have no idea what the Australians get from that area.

Mr. MERRITT: Mr. Taylor, referring to table 1 of this exhibit, No. 52, I see that in the nine years shown, butter production dropped to its lowest point in 1946, and that there was a steady decline from the year 1943 to 1946 in the total domestic production of butter. In 1947 the figures jumped back to approximately the same level as in 1945. Now can you give the committee a reason for that decline in the over-all production?

The WITNESS: The production of butter will be primarily a function of two factors; price, and climatic conditions. If the breaks of the weather go against you, if your pastures burn up in July or August, all milk production declines and, whatever the price, you are apt to get a lower production of butter. I do not recall the seasonal factors there. I think undoubtedly prices would have something to do with it. In 1947 the producing season has been at a high price level, considerably above the price level of other preceding years.

Mr. MAYBANK: At any rate our production last year was lower than any year since 1939 was it not, except for one year—except for 1946. The figures for the other years are higher than for last year.

The CHAIRMAN: Yes, that is right.

Mr. MAYBANK: In 1946 it is 328 million and in 1937 it is 349 million.

Mr. JOHNSTON: The seasonal factor would run all the way through that.

Mr. MAYBANK: I do not suppose you would remember that? It would hardly seem likely that the climatic conditions—

The WITNESS: The Bureau of Statistics shows on that front page an estimate of the total production of butter. I would not like to cast any doubts on those figures except to say that they include an item which must be subject to very wide margin of error, and that is the production of dairy butter. If I might refer Mr. Maybank to the next page—

Mr. MONET: Table No. 2.

The WITNESS: Yes, table No. 2. I refer to creamery butter figures which are in the first of those seven lines near the bottom. Those figures are in my judgment pretty highly accurate; that is the production of butter in cream factories.

By Mr. Maybank:

Q. Because the work of gathering statistics there is relatively simple.—A. Dairy butter is a technical term for farm produced butter which the farmer's

wife churns, some of which is consumed on the farm and some of which is sold. Now I suggest that the dairy butter figure is the best that can be possibly arrived at but there is in it a very large element of estimation.

Q. And those two together are column "A" of Table 1.—A. Yes, and include whey butter, the production of which is very small.

Q. Yes, and in total there are 56½ million pounds which figure is arrived at, as you say by, a process of estimation to a considerable extent.—A. Yes, and I hasten to add the estimate is as good as it is possible to make but it is subject to a very wide margin of opinion.

Q. But for comparison purposes that situation is the same in each of years reflected on page 52—A. Yes.

Mr. MERRITT: You do not suggest the downward trend there was not in fact a downward trend?

The WITNESS: No, I am just suggesting the general point is confirmed by production of creamery butter. Creamery butter production in 1947 was higher than any year prior to 1943.

Mr. MACINNIS: Is there any possibility, Mr. Taylor, the production in those years—in the years when our war production in the cities and urban centres was increased—that there was a trend from farm production and agricultural production to industrial production?

The WITNESS: From farm to industrial production, yes. And that was accentuated by the fact we did not subsidize dairy butter. We only subsidized creamery butter.

By Mr. Monet:

Q. Would you allow me a question on that point? Would you look at table No. 2 for the years 1942 and 1943, under "creamery butter". There is quite a large difference between the production of creamery butter in 1943 and that production in 1942. At the same time there is quite a reduction of dairy butter between 1943 and 1942. Would you be able to give the reasons for that?—A. I think probably it was because in 1942 we commenced to subsidize creamery butter.

Q. That is right.—A. The other factor maintaining dairy butter would be that dairy butter production produced on the farm and consumed on the farm was not rationed.

Q. This subsidy you have just referred to would be the primary cause of dairy butter being turned into creamery butter in 1943—A. I think so.

Q. And that would perhaps explain the increase in one and the decrease in the other?—A. Yes.

Mr. LESAGE: And also the fact dairy butter produced on the farm was not rationed?

The WITNESS: It was quite legal for the farmer to consume on his own farm anything produced on the farm.

Mr. McCUBBIN: May I suggest that perhaps the trend of the fluid milk trade to other forms—powdered milk, and condensed milk—resulted in that milk being drawn away from butter?

The WITNESS: Yes, and I would say this. I think it was a matter of conscious policy to hold butter production. I would not say hold it down, but to emphasize the production of cheese. Cheese was a munition of war in a very real sense of the term. It was a commodity which the British were pressing us for, and which they could never get too much of from Canada. Throughout the war years the policy of the government was to give cheese an edge, so to speak. Secondly the consumer subsidy on milk, fluid milk, together with the buoyant

purchasing power in urban areas did draw off a great deal more milk into the fluid milk market, and it was the government policy as I understood it, that the requirements of fluid milk had to be met. We tried to maximize our cheese production, but just produced enough butter to get by.

By Mr. Merritt:

Q. What is the present situation with regard to cheese? Is it still government policy to emphasize the production of cheese?—A. I mentioned a moment ago in stating the government policy in January that it deliberately gave a slight edge to butter production.

Q. A slight edge to butter production—you are referring to the present ceiling which we have now—A. Yes.

Q. What would have been the case up until the time ceilings were taken off in 1947? The reverse would have been true?—A. Yes, the cheese price in 1947 was 25 cents. The butter price up to the 1st of May was 48½ cents, to the producer—40 cents to the consumer with an 8½ cent subsidy. Then on the 1st of May the ceiling was raised to 50 cents, which was exactly double the cheese price, so that if anything in the 1947 season there was a slight edge given to cheese rather to butter until June.

Mr. McCUBBIN: A little while ago, Mr. Taylor, you mentioned in the setting of this ceiling on butter a small edge was given to butter over cheese. Is that a fair statement to make?

The WITNESS: Well as I recall the discussions as to whether the ceiling should be 65 cents, 66, 67, or 68 cents, and that was the range of discussion in the last few weeks before the ceiling was finally settled, we leaned towards the high side of that range for the reason that it was desired to give just a little edge to butter.

By Mr. Merritt:

Q. Is it a fair statement, then, Mr. Taylor, the price at which butter sells has probably a greater immediate effect upon its domestic production than other conditions?—A. I would not go quite that far. All I can say would be that during the winter season no matter how high you put the price there is a definite limit to the volume of production you can get, because biological and natural forces are at work there. There are only so many cows that are still in milk. The higher price is to encourage more feeding of concentrates and to get that extra three or four weeks production out of a cow before it goes dry.

Mr. Maybank took the chair.

By Mr. Merritt:

Q. When we find these figures showing the reduction in production on table 1 down to the year 1946, I am reminded of something. I do not know this of my own knowledge but I am told that dairy cattle are being exported to the United States in quite large numbers, and there has been quite a movement in that direction over the past few years. Have you followed the trend of export of dairy cattle and its possible relationship to the production of dairy products and butter?—A. Yes, I have not got the figures with me, Colonel Merritt, but we used to watch those figures very closely. The export of pure-bred dairy cattle has never been under embargo. It is a normal trade that has been going on for a generation or more. It never amounted to very large figures. It is true that in certain years during the war the number exported was double, or more than double the preceding period, but the grand total never exceeded more than a very few tens of thousands of dairy cattle. Mr. Singleton may have the exact figures with him, I do not know. Twenty thousand or thirty thousand head would be a very normal volume of trade.

Q. In what period?—A. In a year. I think the figure crossed sixty thousand in one year but is nothing compared to the number of dairy cattle being milked, some 2,500,000. Percentage-wise it is a very small proportion. There are dairy farmers in this area, right around Ottawa for example, whose business is in part set up deliberately to export dairy cattle to New York state. They run dairy farms but they count on selling 2 or 3 or half a dozen head to American buyers. That has been going on for a generation or more.

Q. I noticed in a report which we got over the week-end, the Weekly Marketing Statistics, and I was just reading it this morning, that since the first of this year the export of dairy cattle has been double that of last year, the comparable period. Would you have any comment to make upon that possibility, and the relationship to dairy prices of that movement?—A. No, you are getting me into a field where I can express what I might conversationally call opinions, but I do not think they would be very helpful. I know during the war years exports were higher than for other years, in some cases double. Any figures for say the first two months of this year I would think would have very little significance. My recollection, and I speak subject to correction, is that it would be 60 to 70 thousand in the peak export year and the normal export would run around 25 to 30 thousand.

Q. Well now you said this somewhere I think, that the National Dairy Council, who met you on the 2nd of December, feared there would be a shortage of as much as 12,000,000 pounds unless imports could be arranged, and when you discussed with them a ceiling price of 60 or 62 cents the opinion was expressed that without imports a large black market would appear. Is that a summary of what you said earlier? The question I wanted to ask you is this: When you came to your price ceiling in January of this year is it a fair statement to say that the ceilings were reimposed not because of any fear that there had been hoarding or profiteering which had caused a rise in prices but because of what we might call the supply situation, the over-all supply and demand including lack of imports. Is that a correct statement?—A. That is a pretty fair paraphrase. I might add this, that we could not but be aware that there was a very big increase in price between the June and July price and the prevailing price; and that persons in the butter trade who bought butter in those summer months for winter sales and storage programs would experience a not inconsiderable profit. We were satisfied that there had been no rigging of the market, that the market had not been forced up by any malvolent machinations.

Q. So really you reimposed the ceiling because of what you feared in the future rather than what had happened in the past; is that a fair statement?—A. Yes. The trade was getting—hysterical is probably too strong a word—was getting definitely panicky about the possible shortage. I believe I referred in the opening sessions of this committee to the fact that people in the trade who were short of butter and who had not covered themselves were buying actively, and that bidding for butter would in my judgment be as much or more of an influence in driving prices up than any deliberate holding back working on the supply side.

Q. What total imports of butter would you have thought would have obviated the necessity for reimposing the ceiling?—A. The figure we mentioned was around 10,000,000 pounds.

Q. 10,000,000 pounds you thought would have been necessary?—A. That was what we thought if it was available.

By Mr. MacInnis:

Q. Would not the possibility of a rise in price tend to hold back supply?—A. That could be an influence, of course; we were not aware of any deliberate holding back in the trade. We discussed the matter and we simply had the feeling that they were following their normal policy of taking care of their

customers, putting in enough butter to take care of their normal volume of business.

Q. I think I am right in saying that after the ceilings were imposed, the imposition of the ceilings was followed by freer movement of butter in the market; do you remember that?—A. No, I did not see that.

The VICE-CHAIRMAN: May I just interject one question? I was noticing these figures of storage—on page 3 of Exhibit 52; I think just glancing at them it would appear at a glance that the increment going into storage in August and again in September and again in October, would be about the same as in 1947—as in a couple of years, maybe more than a couple of years preceding that. Just at a glance it would appear that there was not any more being produced at that time, at the time of that 10-cent increase, than had been the case in other years.

The WITNESS: The figures which perhaps give an equally striking demonstration appear in the following table, Table 4, under the heading of "Disappearance of Butter". That indicates the consumption, and there was a movement of butter, a disappearance, obviously going on from year to year—

The VICE-CHAIRMAN: Yes.

The WITNESS: And it indicates that for the months from June on there was more going into consumption, considerably more than in the same month the preceding years.

The VICE-CHAIRMAN: Yes.

The WITNESS: You will recall that the rationing came off in June, prior to June butter was on coupon ration.

By Mr. McCubbin:

Q. May I go back again, Mr. Taylor, to cheese and what you said about butter having a little edge over cheese the cheese price being set at 33 cents; that to me looks like a 33-cent floor where butter would sell at a 67-cent ceiling. Now, would it be fair to the farmer if you set a ceiling at 67 cents during the winter months; I suggest, that to be fair to the producer, he certainly would not have any edge over cheese, and at times of high production during the summer if that ceiling were to be left there and no more authorized for production—would you care to express an opinion that in the interests of the butter producer a floor should be set protecting him during the time of high production the same as on cheese?—A. I would not like to enter on that field. The floor price policy is governed by an act of parliament on the advice of the Minister of Agriculture.

Mr. JOHNSTON: Do you think it is a good one?

Mr. McCUBBIN: I was just following up what you said with respect to the setting of the price.

The WITNESS: I assume, Mr. McCubbin, that what you are pointing out is that we are operating a ceiling price on butter which is a little more than double the floor price on cheese?

Mr. McCUBBIN: That is right.

The WITNESS: And it is true that it may be that cheese will trade at a higher level than 33 cents for at least a part of the season. It did last year with a floor at 25 cents—cheese was being sold at 26½ and 27 and 27¼ cents for a good part of the year.

Mr. McCUBBIN: Yes, then of course butter has only one way to go, it has to go down. Should not the same protection be given to it?

The VICE-CHAIRMAN: Would you have a floor price on cheese and a floor price on butter?

Mr. McCUBBIN: Oh, no, no; nothing to do whatever with butter.

The VICE-CHAIRMAN: I understand that the evidence is that if you have a certain price on cheese you have got to have a certain price on butter, that there is a ratio always between cheese and butter.

Mr. McCUBBIN: But wasn't that during the wintertime?

Mr. HARKNESS: A lot of people cannot change from butter to cheese overnight.

The VICE-CHAIRMAN: No, not overnight.

Mr. MACINNIS: I think Mr. McCubbin is trying to convince the wrong person, he should apply himself to the Minister of Agriculture.

The VICE-CHAIRMAN: So far Mr. McCubbin has only been asking questions, whatever they may have had of personal belief in them at the moment does not matter; I think it is all right for him to go on. Did you have some further questions, Mr. McCubbin?

Mr. McCUBBIN: Yes.

By Mr. McCubbin:

Q. It may be that Mr. Taylor cannot answer this, but if he cannot I will ask somebody else, it will be all right with me. How many years back has there been a change in the butter position in the wintertime, has there been a shortage? I appreciate that that is a very broad question.—A. The most serious shortage was the winter of 1942-43. That is when we introduced butter rationing. My personal recollection goes back to the winter of 1937-38 when butter had been selling around 25 cents in the summertime, and it went to 37 cents, it even went over 40 cents; and I have a personal recollection of housewives' organizations carrying placards around protesting against the price that winter.

Q. And you mentioned something about a black market if these are not maintained, I think you referred to Montreal?—A. Yes.

Q. Is there any black market in Montreal right now?—A. We are not aware of any, of any significance. We do have the usual run of prosecutions going through the mill now, butter being sold at 75 cents. We are not aware of any black market. I think one evidence of that is that butter is selling below rather than above the ceiling.

Q. May I suggest to you that I have been told on good authority within the last 10 days that butter has been offered to certain people in Ottawa here at 85 cents per pound; have you any knowledge of that?—A. No.

Mr. MONET: That would be retail?

Mr. McCUBBIN: Yes, I was talking about retail.

The VICE-CHAIRMAN: What is the spread for Ottawa?

The WITNESS: The ceiling price of butter in Ottawa for example, is—the maximum price is 74 cents. I do not think anybody could charge higher than 74 cents. Our ceiling price is based upon the normal mark-up during the December period, and my understanding is that the chain stores in Ottawa have a legal ceiling of 71 cents—it depends on what the normal mark-up was; and butter is being sold pretty freely at 69 cents a pound. I know we bought it at that last Saturday afternoon.

By Mr. McCubbin:

Q. I am just saying they are offering, I am not saying they are selling or that anybody has bought, but I am told they are offering butter in Montreal at 85 cents.—A. Even to offer to sell is an offence. There is undoubtedly going to be a number of spotty shortages of butter over the next few weeks. I have information of one or two places in the country where butter is not available. May I make this point, we have been agreeably surprised at the way the ceiling

price has held and the way distribution has been maintained during the past few months. We expected by the 1st of March to be in difficulties but on the whole it is going pretty well and another three or four weeks' time you will be getting out of the problem, production will start coming up, it will pick up in March and April and by May you will be pretty well clear of any shortage.

Mr. LESAGE: What would be the correct situation as far as stocks are concerned, supplies?

The WITNESS: The March figures have come out since this table was prepared, Mr. Lesage. I just jotted the figures down here. The stocks on hand the 1st of March—this is comparable to the 31·7 for February—stocks are down to 18·8 million pounds. That is a stock on hand as of the 1st of March.

Mr. LESAGE: Do you consider that sufficient to carry us up until new production comes in?

The WITNESS: Let me make this very rough calculation: Take roughly 19,000,000 round figures the 1st of March; average March production should be in the neighbourhood of 12,000,000 pounds—

Mr. McCUBBIN: Do you not think it will be up this year?

The WITNESS: I was using the same as last year—gives you a supply of 31,000,000 pounds available during the month of March. If March consumption is the same it will be about 20,000,000 to 21,000,000; and we should have a stock on hand in storage on the 1st of April of around 10,000,000 to 11,000,000 pounds.

Mr. LESAGE: But we must keep in mind that not only is March production low, lower than the preceding month, but production for April will not be very high.

The WITNESS: Usually in April production and consumption pretty well balance. That depends on whether you get an early season, you may have greater production from an early season, while if you have a backward season you may have lower production in April; but on the average year in and year out April production and April consumption are pretty much in balance.

Mr. LESAGE: So there is no reason to believe or expect any great difficulty this year?

The WITNESS: Well, I would like to think so, and I would like to remind you that as your production increases you get more than half your production in the last half of the month. That applies to creamery butter also. You may have to wait 10 days for a creamery to accumulate sufficient butter to have a carload to ship, you may have to wait that long for your April butter to reach the market, that might be the early part of May. When it comes from the west you have to allow for 10 to 12 days in transit, even when the creamery is running at a fair level you may have to wait 5, 6 or even 10 to 15 days before your creamery butter shows up in the market. They cannot ship butter l.e.l., they wait for a carload lot.

The VICE-CHAIRMAN: Mr. Lesage, I was going to say I think possibly I have been unfair to Mr. Merritt, he was going to ask a question following Mr. McCubbin.

Mr. McCUBBIN: I have not finished, Mr. Chairman.

The VICE-CHAIRMAN: If you will continue then, Mr. McCubbin, it is all right; I should not have allowed Mr. Lesage to interject, Mr. Merritt had priority over him.

Mr. MERRITT: I don't mind, Mr. Chairman, they want to follow this up, my own was on a different point.

The VICE-CHAIRMAN: Oh well then, we probably better let them go on.

Mr. McCUBBIN: I just want to ask one more question, Mr. Chairman. With the price of butter fat at 73 to 74 cents to the farmers do you think it will not tend to encourage production of butter in March and April?

The WITNESS: I hope so. They have had the same price more or less for the last couple of months, three months now, and production in November was very good, it was about the same; December was down about 1,000,000 pounds; and January was down 1,000,000 pounds.

Mr. JOHNSTON: Relatively it is almost the same in volume of production.

The WITNESS: February was down a half million pounds. I would assume that March production would be the same as last year, which would mean in itself a relative improvement because for the last three months we have been running 1,000,000 pounds roughly below last year.

Mr. WINTERS: According to Table 2, here, it would appear to be down for November and December.

Mr. MONET: Table 2, does not give us the figures for January or February.

The VICE-CHAIRMAN: But we have them for November and December, which is the point Mr. Winters was making.

Mr. JOHNSTON: And it shows a material drop.

Mr. WITNESS: I beg your pardon; those figures from December are the same as last year.

Mr. WINTERS: And it would appear that November was a little better.

The WITNESS: November was a little better. My eyes jumped the column in looking at that. In January we were down, production in January was 9·8 million.

Mr. MONET: Is that January of 1947 or 1948?

The WITNESS: 1947 was 9·8 million.

The VICE-CHAIRMAN: 9·8 million what?

Mr. LESAGE: Million pounds.

The VICE-CHAIRMAN: Yes, but I thought you said down.

The WITNESS: In January of 1948.

Mr. McCUBBIN: Would you check 1948, Mr. Taylor?

The WITNESS: 9·8 million is the figure I have in my notes.

Mr. LESAGE: Your 1947 figure 9·8 million—the figure we have in Table 2 is 14 million.

Mr. McCUBBIN: For January.

Mr. LESAGE: That is for January of 1947; he says it is 9·8 for 1947, there seems to be some question there.

The WITNESS: I beg your pardon.

Mr. McCUBBIN: We are asking the same question and I suggest we should have the same quantity indicated by Mr. Taylor in his answer.

The VICE-CHAIRMAN: That may be, but Mr. Taylor has given the same answer, or is just going to answer it. That is the point which I think we had better have cleared up.

Mr. MONET: I think the difference comes this way, if you look at Table 2, the total of creamery butter is 290,841 pounds; the sum total, 349,000 pounds, but that includes creamery butter, dairy butter and whey butter, and the figures you have for January would be taken out of these figures. The 12-month total shown there of 349,000 pounds includes creamery, dairy and whey butter.

Mr. McCUBBIN: What we are trying to get is the figure for January of 1948.

Mr. MONET: I do not think you have it in this D.B.S. statement, this is the grand total of creamery butter and whey butter.

The VICE-CHAIRMAN: Yes. We need to know the January, 1948 figure anyway.

Mr. JOHNSTON: I see down here it gives the different types of production.

Mr. MONET: That is right.

Mr. JOHNSTON: So that would not have any bearing on what Mr. McCubbin was pointing out.

Mr. McCUBBIN: The 14,000,000 in January, 1947 does include creamery, dairy and whey butter?

The VICE-CHAIRMAN: That is right.

Mr. McCUBBIN: We have no breakdown for the creamery butter as such for that month?

The VICE-CHAIRMAN: No.

Mr. McCUBBIN: Have you got the 1948 total?

Mr. MONET: No, we haven't got the 1948 figures yet.

Mr. LESAGE: On that point, we were speaking about production; I wondered if a correction should not be made? You said a few minutes ago that you were working out the percentage of the March production to the 12,000,000 pounds, and I think you said that you were basing your figures on the 1947 increase?

The WITNESS: Yes.

Mr. LESAGE: And the 1947 figure which we have on the table here for the production of butter in March of 1947 is 17,000,000.

Mr. MONET: Mr. Lesage, I do not like to interrupt you, but I think the witness said that he was talking about creamery butter only; is that true?

The WITNESS: Yes.

By Mr. Lesage:

Q. But creamery and dairy butter both go into consumption?—A. I think you will find that the storage stocks will be almost entirely creamery, there is little dairy butter.

Q. I see.—A. Very little dairy butter goes into storage, and all our forecasting and discussions are based on the creamery butter picture.

Q. So your figure of 21,000,000 pounds is on creamery butter?—A. Yes.

Mr. MONET: I think, Mr. Lesage, that we have been speaking only of creamery butter all the time because, as Mr. Taylor said, there is very little dairy butter entering the storage picture.

By Mr. Lesage:

Q. It is not all creamery?—A. What I was saying is this, my guess is that when the April figures become available they will show storage stocks around about 10,000,000 to 11,000,000 pounds—it may be 1,000,000 more or 1,000,000 less; in other words, we will not be too badly off. We always took the view during the war with regard to our reserves of butter and butter disappearance that when you drop 10,000,000 pounds in that month you always were facing trouble and you found certain areas short of butter.

Q. But you have no reason to expect any large scale black market?—A. I think not. We have a little bit of it now. As I said before, we have a few prosecutions underway now for infractions of the ceiling regulations.

Q. On a large scale?

The VICE-CHAIRMAN: It is your turn, Mr. Merritt.

Mr. JOHNSTON: It is 1 o'clock.

The VICE-CHAIRMAN: No, it is 12.55.

By Mr. Merritt:

Q. Mr. Taylor I just have one or two short questions. When you were with us on February 12th you said you had no evidence that there was manipulation of the market and no reason to suppose there would be up to that time?—A. Right.

Q. Is your answer a month later the same? Have you had any evidence since you were here before, of hoarding or attempts at profiteering in the butter market?—A. No. I said "no" apart from a limited number of isolated cases of 74 and 75 cent prices being charged in retail stores. We have some prosecutions in the mill for selling over the ceiling.

Q. Yes, but of black market operations at the present time you have no evidence? There are no people trying to accumulate stocks in case the ceiling comes off—A. No.

Mr. JOHNSTON: Have you investigated to be sure of that?

The WITNESS: No, we were aware the secretariat of this committee was calling for all butter stocks and we have not duplicated the work of the secretariat here.

By Mr. Merritt:

Q. And I asked the question—if you had heard of anything like—that because I thought it would be a good thing for us to follow up if you had?—A. I would say my answer a month ago would hold today.

Q. When you were here a month ago you said in answer to a question at page 85—it was a question by Mr. Irvine, "Did your board ever try to make an estimate of what was a just and fair price on butter and how you would allocate that just and fair price, first to the producer and then the wholesaler and then the retailer? How would you arrive at that? Have you any system of figures for that?" Your answer to that question is "No, the primary price, which I call the Montreal wholesale solids price which is really what the producer gets, by and large, was always discussed with our advisory committee of producers, who were representatives of the dairy farmers' federation."

Do I understand that the Montreal wholesale price is the actual price that goes to the producer of butter?—A. Well the farmer produces butterfat.

Q. Yes.—A. He sells that butterfat to the creamery. The price for butterfat is always a certain percentage over the Montreal solids price because you produce something of the order of 115 to 120 pounds of butter out of 100 pounds of pure butterfat. The butterfat price is always higher than the butter price.

Q. Yes?—A. Then it is my general impression that the competition between the creameries and so on is such that, by and large, the producer gets the full value reflected back from the Montreal price. In some cases he gets a little higher than that, and some cases perhaps a little lower.

Q. When you fixed the price, I have forgotten whether it is 67 or 69 cents on the Montreal market, and you would know that, did you follow that back to divide that 67 or 69 cents between the creamery and the farmer, the butterfat producer?—A. No.

The VICE-CHAIRMAN: Do you mean in the fixing of the 67 cent price?

Mr. MERRITT: Yes.

The WITNESS: No, there is no ceiling on butterfat and there is a maximum price at which the creamery sells. That is 67 cents, Montreal basis. It is on the Montreal basis because the creameries are all over the country and the level of maximum price for the creamery is adjusted on freight rates in our order. I am sorry I have not got the order with me but we have a maximum price in each province. It is a maximum price at which the creamery can sell. There is a $\frac{1}{4}$ of a cent booker's margin and then there is the wholesale margin

which includes an allowance for printing,—that is cutting it up in 1 pound blocks and putting it in a wrapper.

The VICE-CHAIRMAN: Well it is 1 o'clock.

Mr. MONET: In connection with the order, No. 2468, I am informed that there has been an amendment and the copy which we have here is not complete. I would suggest that we leave the filling of this order until 4 o'clock when amended copies will be available for all the members of the committee.

The meeting adjourned to meet again this afternoon at 4.00 o'clock.

AFTERNOON SESSION

The meeting resumed at 4.00 p.m.

The CHAIRMAN: The meeting will come to order.

Mr. MONET: Mr. Chairman, before the first witness is called, Mr. Taylor, I would like to file as exhibit No. 54 administrator's order No. A-2468, asked for at the end of this morning's session. I have a copy for each member of the committee. It will also include administrator's order No. A-2485 which is the amendment.

EXHIBIT No. 54—Administrator's Order No. A-2485.

EXHIBIT 54

WARTIME PRICES AND TRADE BOARD

Administrator's Order No. A-2468

MAXIMUM PRICES OF BUTTER

Under powers given by the Wartime Prices and Trade Board to the Co-ordinator, Foods Administration, it is hereby ordered as follows:

PART I—INTRODUCTION

Effective Date

1. This Order comes into force on January 19, 1948, and fixes maximum prices for creamery, whey and dairy butter.

Prices Fixed are Maximum Prices

2. All prices fixed by this Order are maximum prices and must not be exceeded. Except as otherwise specifically provided in this Order, no charge may be made for a container or for packing, handling or any other service which results in the sum of the price and the charge for the container, packing, handling and/or service exceeding the maximum price.

Additional Payments and Considerations are Part of the Price

3. (1) Any consideration, money or money's worth given or paid by the buyer to any person in connection with the purchase of any butter or received by the seller from any person in connection with the sale of any butter shall constitute part of the price of such butter.

(2) This Section shall not apply to any brokerage, commission or other charges paid by a manufacturer to a broker under the provisions of Section 7.

Definitions

4. For the purposes of this Order

- (a) "broker" means any person who acts as agent between sellers and buyers on a commission basis;
- (b) "consumer" means a person who buys butter for his personal or household use;
- (c) "creamery butter" and "dairy butter" means, respectively, creamery butter and dairy butter as defined and described in Section 2 of Part I of the Dairy Industry Act;
- (d) "first grade", "second grade", "third grade" and "below third grade" means, respectively, creamery butter conforming to the standards for such grades of creamery butter set forth in the Regulations issued under Part II of the Dairy Industry Act;
- (e) "manufacturer" means any person in Canada making creamery and whey butter for sale;
- (f) "prints" means packages of butter of the net weight of one-quarter ($\frac{1}{4}$) pound, one-half ($\frac{1}{2}$) pound, one (1) pound, or multiples of one (1) pound;
- (g) "primary producer" means any person who makes dairy butter;
- (h) "solids" means butter solidly packed in boxes containing a net weight of approximately 56 pounds;
- (i) "whey butter" means butter which is manufactured from whey and "whey" means the product remaining after removal of the greater part of fat and casein from milk in the process of cheese making;
- (j) "wholesale distributor" means any person other than a manufacturer or a primary producer, who sells butter otherwise than at retail;
- (k) "wholesale buyer" means, in respect of any manufacturer or wholesale distributor,
 - (i) any person who buys creamery butter from that supplier in carload lots; or
 - (ii) any person who during the basic period customarily bought creamery butter from that supplier at the same prices as wholesale distributors customarily bought creamery butter from that supplier during that period; or
 - (iii) any retailer who during the basic period customarily bought creamery butter from that supplier at prices less than those at which during that period other retailers customarily bought creamery butter from that supplier; or
 - (iv) any person designated by the Co-ordinator, Foods Administration;
- (l) "sell" includes offer to sell and "buy" includes offer to buy.

PART II—SALES OF CREAMERY BUTTER

Sales by Manufacturers to Persons Other than Consumers

5. The maximum price per pound at which a manufacturer may sell any creamery butter in solids or prints to any person other than a consumer shall be the price for the same set forth in Schedule A hereto according to the class of buyer, the grade of the butter and the province in which it is delivered to the buyer, plus 1 cent per pound if the butter in prints is packed in individual consumer style cartons and plus $1\frac{1}{2}$ cents per pound if the butter is unsalted.

Sales by Manufacturers to Consumers

6. The maximum price per pound at which a manufacturer may, during any week, sell any creamery butter to a consumer shall be the sum of the following:

- (a) an amount equal to the actual price at which, during that week, the manufacturer sells such creamery butter to persons other than manufacturers, wholesale distributors, wholesale buyers and consumers; and
- (b) a mark-up not exceeding the mark-up customarily obtained by him during the basic period on sales of creamery butter to consumers but not in any event exceeding $3\frac{1}{2}$ cents per pound.

provided, however, that his selling price shall not in any event exceed an amount equal to the maximum price per pound at which he may sell that butter under the provisions of Section 5 to a person other than a manufacturer, wholesale distributor and wholesale buyer, plus a mark-up in accordance with clause (b) preceding.

Brokerage Charges

7. If a manufacturer sells any creamery butter through a broker to another manufacturer, to a wholesale distributor or to a wholesale buyer, he may in addition to the maximum price applicable to that sale fixed by this Order, charge the buyer with the brokerage, commission or other charge paid by him to the broker or $\frac{1}{4}$ of a cent per pound, whichever amount is the lesser.

Manufacturers' Maximum Prices Include Delivery Except as Specified

8. The maximum prices fixed by Section 5 on sales to manufacturers, wholesale distributors and wholesale buyers include delivery to the buyer's place of business or, if delivery is by railway, to the railway station nearest to his place of business. The maximum price as fixed by Section 5 on sales to buyers other than manufacturers, wholesale distributors and wholesale buyers includes delivery to the buyer's place of business if it is situated within manufacturer's customary free delivery zone. In all other cases the maximum prices fixed by Section 5 are f.o.b. the seller's place of business.

Sales by Wholesale Distributors

9. The maximum price per pound at which a wholesale distributor may sell any creamery butter to any person shall be the price for the same set forth in Schedule B hereto, according to the class of buyer, the grade of the butter and the province in which the wholesale distributor's place of business is situated plus 1 cent per pound if the butter in prints is packed in individual consumer style cartons and plus $1\frac{1}{2}$ cents per pound if the butter is unsalted.

Wholesale Distributors' Maximum Prices Include Delivery Except as Specified

10. The maximum prices fixed by Section 9 include delivery when the buyer's place of business is situated within the wholesale distributor's customary free delivery zone. In all other cases the maximum prices fixed by Section 9 are f.o.b. the seller's place of business.

Sales by Retailers

11. The maximum price at which any person, other than a manufacturer may sell any creamery butter at retail shall be the sum of the following:

- (a) an amount equal to the maximum price at which the butter may be sold to him by his supplier as fixed by this Order;
- (b) if his supplier is not required to deliver free to him, the actual amount not exceeding the common carrier freight rate, paid by him in transporting the butter from his supplier's shipping point to the city, town or village in which he has his place of business;
- (c) one cent per pound if he sells in prints any creamery butter purchased by him in solids;
- (d) one cent per pound if he packages the butter in individual consumer style cartons; and
- (e) a markup not exceeding the markup amount customarily obtained by him during the basic period on sales of creamery butter but not in any event exceeding $3\frac{1}{2}$ cents per pound.

PART III—SALES OF WHEY BUTTER

Sales by Manufacturers

12. The maximum price per pound at which a manufacturers may sell whey butter in solids or prints to a buyer in any province shall be the price set forth for that province and class of buyer, as follows:

- (a) on sales to wholesale distributors;

	Alberta Manitoba Saskatchewan	Ontario Quebec British Columbia	Prince Edward Island New Brunswick Nova Scotia
for solids	63c	65c	66c
for prints	64c	66c	67c

- (b) on sales to retailers

	Alberta Manitoba Saskatchewan	Ontario Quebec British Columbia	Prince Edward Island New Brunswick Nova Scotia
for solids	65c	67c	68c
for prints	66c	68c	69c

- (c) on sales to consumers

	Alberta Manitoba Saskatchewan	Ontario Quebec British Columbia	Prince Edward Island New Brunswick Nova Scotia
for solids	68c	70c	71c
for prints	69c	71c	72c

Sales by Wholesale Distributors

13. The maximum price per pound at which a wholesale distributor may sell otherwise than at retail any whey butter in solids or prints in any province shall be the price set forth for that province as follows:

	Alberta Manitoba Saskatchewan	Ontario Quebec British Columbia	Prince Edward Island New Brunswick Nova Scotia
for solids	65c	67c	68c
for prints	66c	68c	69c

14. The maximum prices fixed by Sections 12 and 13 include any brokerage, commission or other charge paid by the seller or the buyer to a broker on any sale of whey butter and such prices shall be f.o.b. the buyer's receiving point according to the established customs between the seller and the buyer; and in the case of sales to a buyer to whom the seller has not previously sold, such prices shall be f.o.b. that buyer's place of business or, if delivery is by railway, f.o.b. the railway station nearest to the buyer's place of business.

Sales by Retailers

15. The maximum price per pound at which a retailer may sell any whey butter in solids or prints to a consumer in any province shall be the price set forth for that province, as follows:

	Alberta Manitoba Saskatchewan	Ontario Quebec British Columbia	Prince Edward Island New Brunswick Nova Scotia
for solids	68c	70c	71c
for prints	69c	71c	72c

PART IV—SALES OF DAIRY BUTTER

Sales by Primary Producers

16. The maximum price per pound at which any primary producer of dairy butter may sell any dairy butter in solids or prints delivered to a buyer in any province shall be the price set forth for that province as follows:

(a) on sales to wholesale distributors,

British Columbia	Alberta Manitoba	Saskatchewan	Ontario Quebec	Prince Ed. Island Nova Scotia New Brunswick
66½c	65c	64½c	67c	68c

(b) on sales to retailers,

British Columbia	Alberta Manitoba	Saskatchewan	Ontario Quebec	Prince Ed. Island Nova Scotia New Brunswick
68c	66½c	66c	68½c	69½c

(c) on sales to consumers,

British Columbia	Alberta Manitoba	Saskatchewan	Ontario Quebec	Prince Ed. Island Nova Scotia New Brunswick
71c	69c	69c	71c	73c

Sales by Wholesale Distributors

17. The maximum price per pound at which any wholesale distributor may sell otherwise than at retail any dairy butter in solids or prints delivered to a buyer in any province shall be the price set forth for that province, as follows:

British Columbia	Alberta Manitoba	Saskatchewan	Ontario Quebec	Prince Ed. Island Nova Scotia New Brunswick
68c	66½c	66c	68½c	69½c

18. The maximum prices fixed by Sections 16 and 17 include any brokerage, commission or other charge paid by the seller or the buyer to a broker on any sale of dairy butter and such prices shall be f.o.b. the buyer's receiving point according to the established custom between the seller and the buyer; and in the case of sales to a buyer to whom the seller has not previously sold, such prices shall be f.o.b. that buyer's place of business or, if delivery is by railway, f.o.b. the railway station nearest to the buyer's place of business.

Sales by Retailers

19. The maximum price per pound at which any retailer may sell at retail any dairy butter in solids or prints delivered to a buyer in any province shall be the price set forth for that province, as follows:

British Columbia	Alberta Manitoba	Saskatchewan	Ontario Quebec	Prince Ed. Island Nova Scotia New Brunswick
71c	69c	69c	71c	73c

PART V—GENERAL PROVISIONS AND RECORDS OF SALES AND PURCHASES

Sales from the Central and Western Provinces to the Maritimes

20. Notwithstanding anything contained in this Order, the maximum price at which any manufacturer or wholesale distributor in any province other than Nova Scotia, New Brunswick or Prince Edward Island may sell any creamery butter to any person in Nova Scotia, New Brunswick or Prince Edward Island shall be an amount equal to the maximum price at which he could sell that butter to the same class of buyer in Ontario and Quebec PLUS the difference between the through freight rate on the quantity sold from the shipping point to the buyer's receiving point and the through freight rate from the shipping point to Montreal.

Restrictions on Buying Prices

21. No person shall buy any butter at a price which exceeds the maximum price at which that butter may be sold to him by his supplier.

Sales Invoices

22. (1) Every manufacturer and wholesale distributor shall on every sale of butter, furnish the buyer at the time of delivery to him with an invoice showing the following:

- (a) the name and identifying address of the seller and the buyer and the date of sale;
- (b) the kind of butter sold and if creamery butter, the grade, and whether it is in solids or prints; and
- (c) the quantity sold and the price per pound charged.

(2) Every seller shall retain a duplicate copy of each invoice furnished by him as required by this Section.

Records of Purchases

23. (1) Every person who buys any butter for resale shall at the time of delivery of such product to him, obtain from his supplier an invoice completed in accordance with the provisions of subsection (1) of Section 22 covering that transaction.

(2) Every person who buys any butter for resale, shall, at the time of delivery of the product to him, obtain a receipted bill covering any amount paid by him for the transportation of the product.

Retention and Inspection of Invoices and Transportation Receipts

24. Every duplicate copy of an invoice which a seller is required by this Order to make and keep and every invoice and transportation bill or receipt which a person who buys butter for resale obtains, shall be kept by him available for inspection by any authorized representative of the Board, at any time within twelve months of the date of the transaction to which it relates.

Retail Sales Slips

25. Every person who sells any butter at retail shall, upon request of the buyer, furnish him with an invoice or sales slip showing the date of sale, the seller's name and address, the kind and the weight of the butter sold and the price per pound charged.

Dated at Ottawa, this 16th day of January, 1948.

F. S. GRISDALE,
Co-Ordinator, Foods Administration.

Approved:

K. W. TAYLOR,
Chairman, Wartime Prices and Trade Board.

SCHEDULE "A" TO ADMINISTRATOR'S ORDER NO. A-2468

MAXIMUM PRICES FOR SALES OF CREAMERY BUTTER BY MANUFACTURERS TO ALL BUYERS EXCEPT CONSUMERS

(cents per pound)

Province in which the Buyer's place of business is situated:	Class of Buyer	Grade	P.E.I. N.S., N.B.		Ontario Quebec		Manitoba		Saskatchewan		Alberta		British Columbia	
			Solid	Prints	Solid	Prints	Solid	Prints	Solid	Prints	Solid	Prints	Solid	Prints
Manufacturers, Wholesale Distributors and Wholesale Buyers.		First Grade	68	69	67	68	65	66	64½	65½	64½	65½	66½	67½
		Second Grade	67	68	66	67	64	65	63½	64½	63½	64½	65½	66½
		Third Grade	66	67	65	66	63	64	62½	63½	62½	63½	64½	65½
		Below Third Grade	65	66	64	65	62	63	61½	62½	61½	62½	63½	64½
All other Buyers except Consumers		First Grade	69½	70½	68½	69½	66½	67½	65½	66½	66	67	67½	68½
		Second Grade	68½	69½	67½	68½	65½	66½	64½	65½	65	66	66½	67½
		Third Grade	67½	68½	66½	67½	64½	65½	63½	64½	64	65	65½	66½
		Below Third Grade	66½	67½	65½	66½	63½	64½	62½	63½	63	64	64½	65½

Notes to Schedule "A" to Administrator's Order No. A-2468.

- Maximum prices listed in this Schedule for sales to manufacturers, wholesale distributors and wholesale buyers include delivery to the buyer's place of business or, if delivery is by railway to the railway station nearest to his place of business. To any other buyer, they include delivery to the buyer's place of business if it is within the manufacturer's customary free delivery zone.—See Section 8.
- Add actual brokerage charges paid not exceeding $\frac{1}{4}$ cent per pound if the butter is sold through a broker to a manufacturer, wholesale distributor or wholesaler buyer.—See Section 7.
- Add $1\frac{1}{2}$ cents per pound to price listed if the butter is unsalted.—See Section 5.
- Add 1 cent per pound to price list if the butter in prints is sold in individual consumer style cartons.—See Section 5.
- See Section 20 for limitation in price on shipment to the Maritime Provinces from other Provinces.

SCHEDULE "B" TO ADMINISTRATOR'S ORDER NO. A-2463
MAXIMUM PRICES FOR SALES OF CREAMERY BUTTER BY WHOLESALE DISTRIBUTORS
(cents per pound)

Province in which the Buyer's place of business is situated:	Class of Buyer	Grade	P.E.I. N.S., N.B.		Ontario Quebec		Manitoba		Saskatchewan		Alberta		British Columbia	
			Solid	Prints	Solid	Prints	Solid	Prints	Solid	Prints	Solid	Prints	Solid	Prints
Wholesale Distributors and Wholesale Buyers.		First Grade	68½	69¼	67½	68½	65½	66¼	65	65½	65½	66	67	67½
		Second Grade	67½	68½	66½	67½	64½	65½	64	64½	64½	65	66	66½
		Third Grade	66½	67½	65½	66½	63½	64½	63	63½	63½	64	65	65½
		Below Third Grade	65½	66½	64½	65½	62½	63½	62	62½	62½	63	64	64½
All other Buyers.....		First Grade	69¼	70¼	68½	69½	66½	67½	65½	66½	66	67	67½	68½
		Second Grade	68½	69½	67½	68½	65½	66½	64½	65½	65	66	66½	67½
		Third Grade	67½	68½	66½	67½	64½	65½	63½	64½	64	65	65½	66½
		Below Third Grade	66½	67½	65½	66½	63½	64½	62½	63½	63	64	64½	65½

Notes to Schedule "B" of Administrator's Order No. A-2463.

1. Maximum prices listed in this Schedule include delivery to the buyer's place of business when it is situated within the seller's customary free delivery zone. In all other cases the prices are f.o.b. the seller's place of business—See Section 10.
2. Add 1½ cents per pound to price listed if the butter is unsalted—See Section 9.
3. Add 1 cent per pound to price listed if the butter in prints is sold in individual consumer style cartons—See Section 9.
4. See Section 20 for limitation in price on shipments to the Maritime Provinces from other Provinces.

WARTIME PRICES AND TRADE BOARD

Administrator's Order No. A-2485

MAXIMUM PRICES OF BUTTER

Under powers given by the Wartime Prices and Trade Board to the Co-ordinator, Foods Administration, it is hereby ordered as follows:

- I. This Order comes into force on March 1, 1948.
2. Administrator's Order No. A-2468 is hereby amended by adding at the end of thereof the following as Sections 26 and 27:

Variation of Maximum Prices on Sales from Western to Eastern Provinces

26. (1) For the purposes of this Section "North-Western Ontario Zone" means the cities of Fort William and Port Arthur, the village of Armstrong, and all points in the Province of Ontario lying to the west of those cities and that village.

(2) Notwithstanding the other provisions of this Order, the maximum price per pound at which any manufacturer whose place of business is situated outside of the North-Western Ontario Zone may sell any creamery butter to any buyer whose place of business is situated within that Zone shall be one cent per pound less than the maximum price fixed by this Order and listed in Schedule "A", hereto, at which he could sell such butter to that buyer on February 28, 1948.

(3) Notwithstanding the other provisions of this Order, the maximum price per pound at which any manufacturer or wholesale distributor whose place of business is situated within the North-Western Ontario zone may sell any creamery butter to any person shall be one cent per pound less than the maximum price fixed by this order and listed in Schedules "A" and "B" hereto, respectively, at which he could sell such butter to that person on February 28, 1948.

(4) Notwithstanding the other provisions of this Order, unless otherwise authorized by the Co-ordinator, Foods Administration or some other duly authorized representative of the Board, the maximum price per pound at which any wholesale distributor whose place of business is situated in the Provinces of Manitoba, Saskatchewan, Alberta and British Columbia, as the case may be, may sell any creamery butter to any buyer whose place of business is situated in the Provinces of Ontario, Quebec, New Brunswick, Nova Scotia and Prince Edward Island, shall be the maximum price fixed by this Order and listed in Schedule "A" hereto, at which any manufacturer whose place of business is situated in the Provinces of Manitoba, Saskatchewan, Alberta and British Columbia, as the case may be, may sell such butter to that buyer.

Sales in Metal Containers Prohibited

(27) No person shall sell, ship or supply to any other person and no person shall buy or otherwise acquire, any butter packed in a container made wholly or in part of metal; provided, however, that the provisions of this Section shall not apply to any butter packed in such a container for ships' stores or remote Northern areas under the authority of a permit issued under the provisions of Section 4 of Administrator's Order No. A-2320, as amended.

Dated at Ottawa, this 26th day of February, 1948.

Approved: K. W. TAYLOR, *Chairman, Wartime Prices and Trade Board.*

F. S. GRISDALE, *Co-ordinator, Foods Administration.*

Mr. MONET: Now I want to draw to the attention of the committee a correction on exhibit 52, table 5. The correction is in connection with the province

of Saskatchewan. During the adjournment I was in touch with Mr. Ferguson of the Dominion Bureau of Statistics who informed me of the correction and authorized me to make such correction here. The correction comes on the fourth page of table 5. The figure for the month of October should read 59.3 instead of 61.4. For December the figure should read 66.6 instead of 62.4.

(Error corrected on exhibit 52, sheet 4 of table V.)

The CHAIRMAN: That will be charged as an error to the Saskatchewan government and not to this government.

Mr. MONET: I think it is a useful correction to be made at this point because tomorrow we will have a witness from Saskatchewan.

Mr. K. W. Taylor, Chairman, Wartime Prices and Trade Board, recalled:

By Mr. Merritt:

Q. Mr. Taylor, just before lunch I had been asking you about this 67 cent price which went to the producer and you explained it went to the creamery and the farmer under free competition, I believe?—A. Yes.

Q. Now have you had any complaints from either of those sources that production will be affected by the ceiling price?—A. As far as I am concerned, no. I cannot vouch for what I call conversational remarks made to my other officials, but I am not aware of any official representations made by either the producing end or the creamery end, that this was an unfair or inequitable ceiling.

Q. When the price ceiling was put on I suppose it was because, lacking import, it was expected prices would go higher in a competitive market? Is that correct?—A. We had that fear.

Q. There was a fear of actual physical shortage of butter this winter?—A. Yes.

Q. Now has that shortage developed?—A. As I said before the luncheon recess we have been pleasantly surprised by the fact that little or no embarrassment has arisen in the distribution of butter. We have had occasional reports that in some areas in Canada the odd store here and there is out of butter on certain days, and is having difficulty maintaining supplies, but there has been no serious shortage in any substantial area so far.

Q. Yes, you gave us some figures this morning as to what you estimated to be the storage at the end of March, and the production in March. You discussed what was likely to happen to the butter produced in April?—A. Yes.

Q. Now from the best forecast you can give do you think we are going to get to a period where production exceeds demand without a shortage of butter? A. It is hard to say. We will be working with a very limited supply of butter, an uncomfortably low working stock of butter, for the next three to five weeks.

Q. If we get through the next three to five weeks then no actual physical shortage which denies people butter will have developed?—A. I would say by the middle of April, the third week in April, we should be over the hump. or out of the trough, whichever metaphor you prefer.

The CHAIRMAN: Over the hump.

By Mr. Merritt:

Q. In your price fixing order and any other means you had at your disposal you have not actually done anything to increase the actual production of butter this winter, have you?—A. The price itself was fixed at a level which it was felt gave every reasonable encouragement to the production of butter for the balance of the winter season. We have used our good offices here and there to endeavour to allocate butter to areas which seemed to be running short. We have no formal distribution control this year such as we had during the war years.

Q. On the over-all picture, unless the price you have set is attractive to the producer, no action was taken or no action was possible to increase the actual amount of butter?—A. No.

Q. Are we not led to this position, Mr. Taylor? It might have happened then that the price would not have gone above 73 cents retail—or very much above 73 cents retail—without a price ceiling?—A. It already had.

Mr. LESAGE: It was above 73 cents.

The WITNESS: Yes. Our ceiling did constitute a moderate roll-back. It was a roll-back of 2 or 3 cents on the wholesale price and from 2 to 6 cents on the retail price. Butter was being sold as high as 78 or 79 cents retail in Toronto, for example, shortly before our order came into effect.

By Mr. Merritt:

Q. Now with that qualification, that it was around 78 cents I think you said, from the fact that no physical shortage has developed or seems imminent at 73 cents, is it not logical to assume that fear of a great price rise in butter was unfounded?—A. I would not entirely agree with that because the imposition of ceiling provided a steadying effect on butter prices. It meant that people in the trade could not bid higher than that, and the trade had assurance that it would be able to secure butter at 67 cents, Montreal basis.

Mr. MAYBANK: The price rise was about 33½ per cent in a few months was it not?

Mr. MERRITT: I do not know about that, I am talking about the price at the time the ceiling was re-imposed.

Mr. MAYBANK: That is what I meant.

Mr. MERRITT: I wish that you would wait for just a moment.

Mr. MAYBANK: Well we are agreed on that.

By Mr. Merritt:

Q. I will take whatever you say because it does not enter into my line of questioning at the moment. What I had in mind was this, Mr. Taylor. I can quite see that the imposition of this ceiling price would iron out fluctuations caused by fear of certain butter dealers that they might not be able to get supplies a week or two weeks ahead. I do not understand how they are any more assured of getting supplies later in the season by having the price fixed at 73 cents than they would have been had there been no ceiling, because you have no power to hold back stocks from going on the market at a lower price.—A. No, but when you have a rising market and a free market the tendency of prices to keep on going up can be very strong. We have had cases, for example, where on a rising market bidding is much more active to protect commitments still further ahead than on a fixed price basis. I said this morning that I had expressed the personal view in our discussions that I could not guarantee the price not going up to 80 cents without some ceiling being imposed. I do not know whether it would have gone to 80 cents but the market certainly had that kind of a temper. I think the chart, exhibit No. 53, shows the offering price in western Canada was substantially above the Montreal price throughout the six or eight weeks preceding the imposition of the ceiling.

Q. Your estimate then of how high it would have gone is somewhere around 80 cents, is that correct?—A. That was my estimate at the time.

Mr. LESAGE: Along the same line Mr. Merritt—

Mr. MERRITT: I would just like to finish, I have only one more question.

Mr. LESAGE: All right.

By Mr. Merritt:

Q. In the free market, had the price gone up even above 80 cents because of the fear of butter dealers that they would not have been able to get supplies ahead, if an over-all actual physical shortage had not developed, then I take it prices would have very likely dropped sharply as soon as it was clear we were getting through to the end of April without an actual shortage? Is not that correct?—A. Yes, but another point has to be made. It is very difficult to forecast the rate of consumption at any given price. The apparent disappearance of butter in October and November was very high. The high price for butter has undoubtedly had some effect on the consumption, and with a price considerably higher than the ceiling undoubtedly there would have been some reduction in consumption. At the present ceiling there has probably been some reduction in consumption. I think the figures indicate a decline in the rate of disappearance of butter since the end of November. Now the disappearance of butter is not completely consistent with physical consumption because disappearance includes small quantities of butter which are bought by retailers, for example, and which are withdrawn from common cold storage and kept on the retailers own premises. That butter disappears and is part of the apparent consumption. There was a very heavy disappearance during September, October, and November; then the disappearance moderated and in January and February I think the rate of disappearance was slightly below the rate of disappearance in the same month of the preceding years.

Q. Well the fixing of the ceiling at 73 or 74 cents would presumably bring about the likelihood of greater consumption than if the price had been 78 or 80 cents. Is not that correct?—A. I think so.

Q. What means would have been at government disposal or at your disposal to deal with the situation if an actual over-all shortage had developed?—A. We had almost no means to deal with that. If we assume that imports were out, and it was inconceivable to resume rationing to moderate consumption—it was inconceivable for administrative reasons—the best we could have done would have been to re-impose formal distribution controls as we had during wartime where no car of butter could move without a permit from the government. We would have been able to allocate such butter as there was to various areas which were running seriously short.

Q. So really you had to fix your ceiling so close to the free market price that you might hope to get through without resorting to physical controls?—A. We had the same experience back in 1940 when we first fixed a temporary price ceiling on butter. At that time we found that a rising market has "an appetite that grows by what it feeds on". It tends to snowball. In December 1940 we imposed a ceiling on butter at 35 cents which was the point which the market had reached.

The CHAIRMAN: A ceiling of how much?

The WITNESS: 35 cents a pound in December 1940. In that case butter had gone up from 26 and 27 cents in September to 35 cents in December. At that time we intervened and imposed a ceiling of 35 cents in the face of a rather short statistical position. We got through that following winter and early spring season by a little allocation here and there and by keeping an eye on the market. We got through without any serious distribution troubles. Now we hoped to get through this season in the same way so in December and January, as chairman of the Prices Board, I told my minister I could not guarantee, in the light of the then statistical position that we would get through to the 1st of April without a serious shortage or black market unless we imported butter. The decision, made after consideration, was to get along with the supply we had, partly because imports were just not available and because we seemed to be getting through fairly well. As I said the next three to five weeks, will be the most difficult time. I think we will probably reach the 1st of April with something like

10,000,000 or 11,000,000 in storage. That is getting uncomfortably close to a shortage of working capital but we have been lower than that in wartime. Then of course we had rationing but now we have not got rationing. I do not overlook the possibility of there being spotty shortages but I rather think we are going to get through without too great confusion.

Mr. MERRITT: If you were not right and a shortage did develop you would have to resort to distribution control, or rationing?

The WITNESS: Rationing is completely impractical for the reason that we have not got coupons in the hands of the public, and I give away no secret when I say that no printing order has been placed. There is no thought of going into rationing and we will have to get by as best we can from now to the end of what is probably a very short period. We can see daylight now but there may be little shortages here and there—nothing serious.

The CHAIRMAN: What would you say about the fact that at one period we have a surplus of a commodity and in about six months there is a dearth, a scarcity period? Now with that plentiful condition and the scarcity condition following there is an effect, quite obviously on the price. Have you given consideration, apart from controls, to what might be done to take care of that annually recurring situation?

The WITNESS: As exhibit 53 indicates, Mr. Martin, the whole butter business in Canada is carried on on a basis where we produce something like two-thirds of our supply in five months of the year. That surplus goes into storage and comes out of storage during the deficiency period. There are, roughly, five months of the year when we produce only about half of what we consume. There are two months in the year when we just about break even. Then, there are another five months in the year where we produce a significant surplus over the current consumption.

Mr. IRVINE: Before you leave that point, may I ask a question?

The CHAIRMAN: Yes.

By Mr. Irvine:

Q. Taking the periods given here, from 1939 to 1947 and taking the total consumption of butter and the total production for the same period—

The CHAIRMAN: To what table are you referring?

By Mr. Irvine:

Q. Exhibit 52, table 4, as to the disappearance and, as to the production, table 2. My arithmetic is so delicate, I would not risk the figures I got by totaling these but I was going to ask you if you had totaled them and if the average, taking the average of the shortage, would find Canada quite a few million pounds behind each year in relation to the average consumption?

Mr. MAYBANK: That is, we produce, continually, a little less than we eat?

By Mr. Irvine:

Q. Yes.—A. Obviously, we can only consume the net available supply. The net available supply is your production plus imports, minus exports.

Q. I was just figuring on our own production?—A. Historically our position has been and, I think it has been a matter of government policy for many years in the past, that it would be desirable to be just self-sustaining in butter. We have never regarded ourselves as a primary exporter of butter and, normally, we do not import much butter. The British preferential duty is 5 cents a pound. In the pre-war years, if we produced a little too much butter our price dropped to the world level. If we produced a little too little butter our price went up to the world level plus 5 cents. So, you had butter prices always in a somewhat vulnerable position, for that reason. The 5 cents duty plus the ocean freights

made a big difference in the net receipts of the farmer in the days when butter was selling at 20 to 25 cents at the farm.

It is my understanding it has been government policy, to the extent government can influence these things in peace time, to direct agricultural production towards a self-sustaining position in butter rather than being on an import or export basis.

Q. Do you not believe that to achieve that, in view of the great disparity between our seasonal production, it would be necessary to have a guaranteed stable price throughout the whole year?—A. Well, that gets into the realm of—

Q. Policy?—A. —of high policy, but I would suggest it would mean pretty much the government taking over the butter business. Certainly, that would be the simplest way of handling it if you wanted to give a guaranteed price throughout the year.

Q. It would be something like the wheat board only handling butter?—A. Yes, except that you are dealing with a more perishable commodity than wheat and with a commodity that can deteriorate in value. I do not know much about the wheat business but I think if you have No. 1 northern and put it into storage, it stays No. 1 northern for quite a while.

Q. You would have this advantage, that you could consume all the butter in Canada but you cannot consume all your wheat, so people would store it for us if we gave them a chance?—A. Yes.

By Mr. Merritt:

Q. We made an attempt at balancing production and consumption before the war, but we had, as a sort of a way out, imports from Australia and New Zealand who were surplus butter-producing countries, is that not correct? We could always bring about a balance between supply and demand?—A. Yes.

Q. Now it appears that, because of the world situation, there is not available that source of import over a 5 cent duty. It, therefore, makes it much more difficult to bring about that balance during any year?

The CHAIRMAN: I wonder if that is a fair question because you suggest we did, before 1947, a lot of importing.

Mr. MERRITT: I do not suggest that. I only say that there was available a world surplus on which we could draw to bring about a balance. Whether we did it in any one year or not, I frankly do not know, but that is what I gathered from the evidence.

The CHAIRMAN: Table 1 shows the figures, and the amount is very small.

Mr. MERRITT: Only for the war years.

The CHAIRMAN: There is the bell. We will have to vote. Please come right back.

—The committee resumed at 4.55 o'clock p.m.

The CHAIRMAN: The meeting will come to order. I do not know what the pleasure of the committee is. I was hoping that we might be able to dispose of Mr. Taylor today. All right, gentlemen.

By Mr. Johnston:

Q. I would like to ask one or two questions in regard to this matter. Mr. Taylor, when your ceilings were about to be imposed did you advise the government as to what the price should be?—A. The government asked opinions from all competent officials.

Q. What is that?—A. All competent officials; and the Prices Board have no monopoly on competent officials.

The CHAIRMAN: I just tell you, Mr. Johnston, on that point this present witness is not competent; the government makes up its own mind on the basis of what it gets from its officials.

Mr. JOHNSTON: That was not my question though, Mr. Chairman.

The CHAIRMAN: Oh.

By Mr. Johnston:

Q. I take it from what you have said that the government asked your opinion in regard to what price should be?—A. Yes. I think I can say this much; that there are consultations usually at the request of a responsible minister with officials of the various departments concerned. Out of these consultations there may be a certain measure of agreement. In this particular case it pretty well came down to a discussion of somewhere between 65 and 68 cents; although, as I said before, prices as low as 60 cents were mentioned, and prices as high as 70 cents were mentioned.

Q. When you are giving your opinion to the government I suppose you have some very concrete facts on which to base those opinions. What investigations had you made before you arrived at your opinions as you formed them? What I mean to say is do you go into the matter, certainly you do, to see if there is any point which may affect price, or do you make any investigations to see whether or not there is any undue profiteering?—A. I can answer that in this way, gentlemen, that I have been rather intimately concerned with dairy products as well as other products for about eight or nine years. Mr. Singleton, for example, can look back on 35 or more years of experience in the dairy industry. On this particular case we felt reasonably certain from the statistical position on storage and on disappearance that there was not any large scale hoarding.

Q. Not sufficient at least to affect the price?—A. No.

By the Chairman:

Q. As of what date is this?—A. I was referring to the general period from say the 1st of September on. Including December.

Q. Excuse me, this is a very important matter.—A. Yes. We knew, of course, that there were large quantities of butter in store; but the storage statistics in relationship to normal, and disappearances or consumption relationship to normal did not give us any prima facie evidence that there was any withholding on any large scale.

By Mr. Johnston:

Q. What type of investigation had you in regard to storage of butter? To what extent did your investigation go?—A. It did not extend at this particular stage beyond the D.B.S. figures.

Q. And you consider those to be pretty accurate?—A. Yes.

Q. Because they would be prepared pretty carefully?—A. The D.B.S. figures are based upon returns made under the Statistics Act which makes it a serious offence to put in a false return.

Q. You did not then just base the ceiling price, or the average price, or the market price, whichever it may be—more likely the sale price that existed at that time?—A. No. In arriving at what the ceiling price should be, when I receive an intimation from the government that a ceiling probably ought to be reimposed, we draw from our whole background and experience, including officials of the Department of Agriculture. We made no investigation at that time as to the cost of producing butter.

Q. Did you before that time?—A. No, we never did in the Prices Board. We had representations placed before us at various times in the last several years indicating what the cost should be, or what costs were. I recall the Federation of Agriculture putting a statement before us about a year ago showing costs something of the order of 72 cents to 74 cents a pound for production of butter fat.

Mr. MAYBANK: Whose figures on production costs were finally taken?

The WITNESS: Well, our theory is that costs of producing any commodity, and this is particularly true of a primary form product, are extremely difficult to ascertain with any degree of accuracy. There are hundreds of thousands of producers whose costs vary, due to geography, due to quality of soil, due to efficiency and so on. The costs which were produced to us, or shown to us perhaps I should say, by one agricultural group were based upon information which they believed to be accurate which were not unreasonable in all the circumstances—it was based on what it takes to produce 1,000 pounds of milk and that sort of thing. We have left that kind of examination pretty much to the Department of Agriculture which has a very efficient economics branch which is constantly engaged in studies of that sort.

By Mr. Johnston:

Q. Do you consider, in view of all the data you have in regard to storage and prices and profiteering—if you want to use that term—do you consider that this price of 67 cents as a ceiling price is just and reasonable?—A. Yes.

Q. Fair both to the consumer and to the producer?—A. Our feeling was that the 67 cents was a fair compromise, shall I say, between the various interests; the consumer interests, both short-run and long-run; and the producer interests, both short-run and long-run.

Q. You consider it fair and just now too?—A. Yes.

Q. How does the production and manufacture of ice cream and commodities of that kind affect the price of butter?—A. May I suggest that that is the kind of a question which gets pretty technical and I think perhaps succeeding witnesses will be able to deal with it better than I can.

The CHAIRMAN: Mr. Singleton would be better able to answer that.

Mr. JOHNSTON: I just wanted to ask the question.

The WITNESS: I think figures will be produced showing the total quantities of fluid milk which go into all things of the kind you mention, ice cream, powdered milk and so on.

Mr. JOHNSTON: Perhaps I should save that question for Mr. Singleton when he comes on. That is all I have, Mr. Chairman.

By Mr. Lesage:

Q. When the price of butter was fixed at 67 cents in January I understand by the figures here, by the chart that we have in Exhibit 53, that western butter was offered on the Montreal market at a price which would be as high as 72 cents wholesale?—A. I agree with this, Mr. Lesage, that western butter generally was being offered at a price that would average above 2 cents a pound higher than the Montreal market eastern price. The figures are indicated on the chart in the form of a dotted line which you will observe runs above the solid line all the way through until the ceiling was reimposed when the dotted line drops below the Montreal price.

Q. A few days before the imposition of the ceiling is it not true that a certain quantity of butter, quite a large quantity of butter, western butter, came on to the Montreal market at a price higher than 67 cents?—A. I m not familiar with the actual movement of carload lots, but I do know that a certain quantity of butter was received in Toronto at as high as 72 cents.

Q. 72 cents wholesale?—A. That is my recollection.

Q. That was only a few days before the ceiling of 67 cents was imposed?—A. Yes.

Mr. JOHNSTON: How would this company dispose of that butter and make a profit?

The WITNESS: That is a pretty hard question to answer.

Mr. JOHNSTON: Would they have to hold it until such time as the ceiling was removed?

The CHAIRMAN: Mr. Johnston, may I suggest, knowing the plan of counsel which ultimately will be disclosed to you, that we not push that right now? We want to get that out, but I suggest here is a more effective way of getting that out.

Mr. JOHNSTON: If this witness is in a position to give us any information on that I think he should be allowed to do so.

The CHAIRMAN: Counsel assures me that that point will be taken care of.

Mr. JOHNSTON: It might be dangerous to pass it over.

The CHAIRMAN: We don't want to interfere with our plans. There may be a more effective way of getting it. I think you will get it all right.

By Mr. Harkness:

Q. Mr. Taylor said that when this price was being discussed prices from 60 cents to 70 cents were mentioned. Would it be fair to say that the reason the price was not set shall we say at the lowest of these figures was because that would dry up the supply of butter; in other words, it would have thrown our farmers out of production?—A. That certainly was a very important element in the consideration. Might I correct my evidence at this point? I do not recall 60 cents being advocated by anybody seriously at any recent date.

Q. You did say it had been mentioned?—A. At one time, back in November perhaps. There had been certain considerable increases in coarse grains, for example, since that time. I would have felt had I been asked the question as to whether we should reimpose the ceiling in September or October that 60 cents would have been a fair price, but with the increase in coarse grains and other feeding costs in my judgment 60 cents would be unreasonably low to the producer.

Q. It would be fair for this committee to take it that a price of 60 cents would have cut down production?—A. I could think so, that is my own personal opinion.

Q. And as a result the supply of butter would not have been adequate to meet requirements?—A. I think we would have less butter than we have now.

Q. Yes. You said something a while ago about the difficulties as determining the cost of production. Is it not a fact that it is impossible to say what the cost of the production of butter is, that it varies so greatly from area to area and from one farmer's situation and set-up to another it is almost impossible to determine that?—A. I cannot say that it is impossible to say what it is because some people do say what it is. All I can say is that figures can be prepared in a way that are useful as indications, but they are not and cannot be accurately determined in quite the same way for example as you could determine the cost of a fully manufactured product produced by a small number of firms.

Q. Yes, but at any rate based on the evidence you had on the subject you concluded that a price below 67 cents would have cut down production?—A. Yes, again it is a question of degree; if it had been 66½ cents there would not have been any difference.

Q. But had you put it at 60 cents you would have cut down production materially?—A. In my judgment a 60-cent price on this winter season would have had an adverse effect on production.

Q. Have you in going into this matter investigated at all the return per hour to dairy producers?—A. No.

Q. You think that might not have a very important bearing on this whole question of what the butter price should be?—A. As I said before, we have never gone in any detail into the cost of production of primary farm products, largely because that is a field of study in which the Department of Agriculture is doing continual work.

Q. What I had in mind, more particularly, was the income for dairy farmers when it is divided up into the number of people employed, which gives you roughly the income per year, which again can be reduced to an hourly return. It is just an approximate figure, a guess to some extent, but I suggest it is quite a low hourly return. Any figures I have seen, or any calculations I have seen, show a very low hourly return for dairy farmers?—A. I can say that we have had the general impression that the 67 cents price would be by and large acceptable to the spokesmen for the dairy producers.

Q. In other words it was just sufficient not to drive more of them out of production?—A. All I can say is we got the impression that it was an acceptable or an agreeable price.

The CHAIRMAN: Have you anything to pursue on that, Mr. McCubbin?

Mr. McCUBBIN: No, I have nothing on that.

By Mr. Winters:

Q. I have just one question with regard to table 1. For the year 1947 the total production is shown as 349,145,000 pounds, which includes dairy butter and whey butter, does it?—A. Yes.

Q. And the dairy butter figures you indicated this morning are pretty unreliable because it is hard to get statistics on that. The figures on table 2 regarding dairy butter—would they be figures reported by retail stores?—A. I beg pardon?

Q. Would you imagine those figures for dairy butter on table 2 are figures reported by retail stores?—A. I do not know how they are prepared but I understand they are estimates prepared by the Bureau of Statistics after interviews and correspondence with their farming correspondents in various parts of the country.

Q. In addition to those figures for dairy butter there would be some additional amount of butter manufactured by the farmers and sold to consumers?—A. I understand that all butter produced, whether consumed on the farm or sold to local markets, is in that figure.

Q. The conclusion you draw from those figures regarding production and domestic disappearance is they are pretty well reliable. The total production of Canada did not meet the total demand for 1947?—A. Based on—

Q. Table 1?—A. Well domestic disappearance is a matter of recorded fact. You had a production of 349,145,000 pounds; you add the opening inventory; you add the imports; you deduct the exports and deduct the closing inventory; that gives you the domestic disappearance.

Q. Which exceeds production by roughly 2,250,000 pounds?—A. Yes, by about 2,000,000 pounds.

Q. When you add to that the exports of about 3,000,000 pounds you conclude, do you not, that we used approximately 6,250,000 pounds more than we produced in Canada last year?—A. Yes.

Q. That is a rough approximation?—A. It is about 2 per cent, or a little less than 2 per cent.

Q. You indicated you were thinking in terms of bringing in 10,000,000 or 12,000,000 pounds last year?—A. Yes.

Q. Why would you think in terms of figures that large?—A. In November we were working with October figures of production and disappearance, and the figures as they then were showing up indicated that we would need 10,000,000 or 12,000,000 pounds to carry through at the prevailing price. Since that time consumption has fallen off a little bit more than we expected and production has gone up a little bit more than we expected.

Q. Is that a trend which is continuing into this year?—A. We only have the figures for butter production of January and February and they are slightly below the figures for last year.

By Mr. Merritt:

Q. I would like to ask this question, Mr. Taylor. At the time the ceiling price was re-imposed, and the free market price was then somewhere I understand between 74 and 78 cents, was there evidence before you of buyer resistance at that price?—A. No very clear evidence. You see when you have a rising price, as distinct from a high price, disappearance tends to keep on increasing because of the disposition of the housewife who thinks that the price may be 2 or 3 cents higher the next week. She is inclined to buy a pound or two or three or four pounds to put in the pantry or the refrigerator. One of the first effects of the imposition of a ceiling was that sales slumped for a week or two. There was no longer any necessity to buy it up and the housewife consequently reduces her inventory.

Q. Consumption was actually increasing at the time you put on the ceiling?—A. Consumption, or rather disappearance. We use this word consumption a little too loosely.

Q. Disappearance was increasing?—A. Yes.

By Mr. Harkness:

Q. When you were before the committee on February 12th, on page 94 of the evidence, I asked you a question. "In connection with that 73 cent a pound butter, can you provide us with information which would show us of that total what amount the producers got, and what amount the manufacturer—the creamery—got, what the wholesaler got and what the retailer got?" Your answer was "That could be given you completely accurately in the order. I have not got a copy of the order with me". I presume this exhibit is the order you referred to, is it?—A. Yes.

Q. Looking it over I see a lot of prices which the wholesalers are allowed to receive and so forth, but I do not see anything as to what the producer would get out of these 73 cents?—A. No, I think I said this morning our initial price fix starts with the wholesaler or with the creamery.

Q. You have no figures as to how much of that 73 cents the producer actually gets?—A. No. I think it appears in this exhibit No. 52, but I only saw it this morning. There are tables on the butterfat prices.

Mr. MONET: I think you will get that in exhibit 52, table 5. It gives the creamery butter prices in Canada by provinces, and that would give you the actual price that the farmer gets for his butterfat.

Mr. HARKNESS: That does not bring it down to the part of the 73 cents, which the retailer pays for the pound of butter, that the producer gets.

The CHAIRMAN: I suggest that when Mr. Singleton comes on the stand that evidence will be available more directly.

Mr. HARKNESS: Well I asked for a more complete breakdown of the pound of butter. There were some other questions and Mr. Taylor said that some of the information ought to be given by the Bureau of Statistics and some by the Department of Agriculture. Has that information been compiled in one table? I think that is the way that we want this so that we can see where the 73 cents goes.

The CHAIRMAN: The next witness is from the Department of Agriculture.

Mr. HARKNESS: Has the secretariat prepared a table?

Mr. MONET: You have that in table 5. Table 5 shows the amount received by the farmer for his butterfat.

Mr. HARKNESS: Yes but it does not show how much of the 73 cents goes to retailer, how much to the farmer, and so on, because from a 100 pounds of butterfat you get something like 120 pounds of butter.

Mr. MONET: I think Mr. Singleton can answer the question.

Mr. HARKNESS: We should have one table showing that the producer gets so much, the wholesaler so much, and the producer so much.

The CHAIRMAN: When we come to Mr. Singleton we will get that.

Mr. HARKNESS: Yes, but I think the secretariat will have to prepare for us one table. We do not want to have part of the information from the Bureau of Statistics, part from Mr. Singleton, and part from the Department of Agriculture.

The CHAIRMAN: Yes, that is right.

All right, thank you very much, Mr. Taylor.

Now I had intended calling an executive session at 5.30 p.m. and I made some commitment to Mr. Irvine on that matter. I have discussed it with him however, and it will be tomorrow.

**John Franklin Singleton, Associate Director of Marketing Service,
Dairy Products, Department of Agriculture, sworn:**

By Mr. Monet:

Q. Mr. Singleton will you give us your full name?—A. John Franklin Singleton.

Q. And your address?—A. 216 Metcalfe street.

Q. Ottawa?—A. Ottawa.

Q. And your occupation, Mr. Singleton?—A. Civil servant.

Q. To what department are you attached?—A. The Department of Agriculture.

Q. How long have you been attached to that department?—A. This is my thirty-fifth year.

The CHAIRMAN: Thirty-five years.

The WITNESS: Thirty-four years on the 1st of January.

The CHAIRMAN: You must have gone into the department when you were very young?

The WITNESS: I had nine or ten years with the provincial government before that.

The CHAIRMAN: You were born in the Department of Agriculture.

The WITNESS: No, just in the dairy business, Mr. Martin.

By Mr. Monet:

Q. So you have been in the dairy business forty-five years?—A. Yes, all of that.

Q. Now, Mr. Singleton, I understand you have prepared a brief or memorandum for the members of this committee, is that correct?—A. Yes.

Q. And this brief is a review of the Canadian butter market for the years 1938 to 1947 inclusive?—A. Very briefly.

The CHAIRMAN: Is this in mimeograph form?

The WITNESS: Yes.

Mr. MONET: I understand you have copies of the brief for each member of the committee?

The WITNESS: Yes.

The CHAIRMAN: I would ask that it be circulated.

The CHAIRMAN: I suggest the witness make his statement and we will interrogate him after he has finished reading it.

The WITNESS:

REVIEW OF CANADIAN BUTTER MARKET 1938-1947 INCLUSIVE

Production of butter in Canada is highly seasonal and during 1947 production of creamery butter during the months May to October inclusive, was 73.5 per cent of the year's total with 26.5 per cent produced during the other six months. These figures are reasonably normal.

During only five months of 1947, May to September inclusive, did production exceed disappearance and, of course, during these months the surplus moved into storage. The accumulation in storage during months of heaviest production must be such as will supplement sufficiently, production during the other months, if Canada is to produce enough butter to supply the year's requirements.

1938—

All through the year the Montreal price of butter was above an export parity based on London, England prices. There were short periods during the second week of August and the first week of October when the premium at Montreal over export value was about $\frac{1}{2}$ of a cent per pound and during that period, about 3,370,000 pounds were exported to the United Kingdom. The heavy production, together with lack of sufficient export, resulted in the accumulation of heavy stocks which accounts for the average monthly low price for the year occurring in December, rather than during one of the summer months when production is heaviest.

1939—

The heavy butter production during the year 1938 and lack of sufficient export movement, accounted for the unusually high stocks at the beginning of the year under review. This heavy carry-over, coupled with a winter production greater than that of the previous year, resulted in the supply of butter greatly in excess of domestic requirements.

The September average price of 26.23 cents, as compared with the August average price of 21.53 cents, an increase of $4\frac{3}{4}$ cents per pound, undoubtedly resulted from the declaration of war. During the early summer the premium at Montreal was narrowed to around $\frac{1}{4}$ of a cent per pound over export parity and as supply was in excess of domestic requirements, 11,109,200 pounds of butter were exported to the United Kingdom.

As exporting to relieve the domestic situation was not profitable, it was apparent that an alternative should be sought if market prices were to be maintained. There was also the problem of relief in Canada, with those on relief and others in the low income brackets being unable to buy butter freely even at the low prices prevailing. Consequently, at the 1939 session of parliament, the sum of \$1,000,000 was voted to aid in the distribution of surplus butter (approximately 3,000,000 pounds to the families on relief and those in the low income class.

Distribution commenced about the 15th of May and was hurriedly brought to a close in September, shortly after war was declared. Under the scheme, 3,081,697 pounds of butter were distributed.

In comparing the average monthly wholesale jobbing prices for creamery butter in Montreal, it is noted that during the month of March 1939, the price was 13.83 cents per pound lower than the price during the same month of the previous year. During April and May, the difference was reduced to 10.31 cents and 4.73 cents respectively and for each month following, the difference was progressively reduced until September. The price for the remainder of the year 1939 was above that of the corresponding period of 1938.

1940—

Prices throughout the year 1940 were substantially higher than those of 1939 and were more nearly in line with the prices of 1938.

Exports during the year amounted to only about $1\frac{1}{2}$ million pounds, shipped in small lots to countries other than the United Kingdom.

The Wartime Prices and Trade Board introduced for the first time, effective the 28th of December, 1940, maximum seller's prices for butter, based on the maximum wholesale prices at which the individual sellers sales on the 12th day of December, 1940.

1941—

Prices continued to advance in 1941 over those of 1940.

In May, 1941, an Order in Council was passed establishing a schedule of prices for first grade creamery butter delivered to the purchaser, at which the Dairy Products Board would be prepared to purchase butter. The support prices during the month of May for butter packed in solids, from the provinces of British Columbia, Ontario, Quebec and the three maritimes provinces, was $29\frac{1}{2}$ cents per pound first grade delivered to the board in the respective provinces, while for the provinces of Alberta and Manitoba, it was $27\frac{1}{2}$ cents and for Saskatchewan $26\frac{1}{2}$ cents delivered. This price schedule was effective during the months of May to December inclusive with a half cent per pound increase in each successive month to take care of storage and other charges. Stock of creamery butter were not burdensome during the year and the price of butter was maintained above the minimum prices. Consequently, no butter was tendered to the Dairy Products Board.

During the month of July, 1941, the British Food Mission at Ottawa, has diverted to Canada 67,000 pounds of New Zealand butter with the object of such supplies being used for re-export to the British West Indies. This butter was placed in bonded warehouse by the Dairy Product Board and as it was considered that there was sufficient Canadian butter to meet the British West Indies' requirements, the New Zealand butter was eventually shipped to the United Kingdom.

1942—

On May 1, 1942, the Wartime Prices and Trade Board established uniform maximum wholesale prices for butter in each province, allowing a monthly price increase of $\frac{3}{4}$ cents per pound for carrying charges.

The Wartime Prices and Trade Board also announced that, effective the 6th of July, 1942, the Commodity Prices Stabilization Corporation would pay a producers' subsidy of 6 cents per pound of butterfat used in the manufacture of creamery butter. It was further announced that to ensure an adequate supply of butter, the Dairy Products Board would be prepared to support the market at what was essentially a schedule of minimum prices at levels of 2 cents below the maximum prices already referred to as having been established by the Wartime Prices and Trade Board order.

On the 21st of December, 1942, the maximum price of butter was reduced to the level prevailing during the basic period of September 15 to October 11, 1941. In order to compensate the producers for giving up the higher maximum prices for the winter months, the producers' subsidy was increased from 6 cents to 10 cents per pound of butterfat, effective the 21st of December, 1942, and the Prices Stabilization Corporation Limited compensated every person who on the 1st of December, 1942, owned or held in his own account for sale, any quantity of creamery butter in excess of 1,000 pounds in solid pack, for the reduction in price.

On the 21st of December, 1942, rationing of butter was introduced in Canada. The ration was eight ounces per person per week.

The Dairy Products Board purchased no butter during the year as the price was maintained above minimum prices established.

1943—

The Dairy Products Board supported the market at minimum prices throughout the year and purchased 15,875,279 pounds of butter. This butter was later disposed of on the domestic market and 7,088,506 pounds exported to the British Ministry of Food, in order to assist the United Kingdom through a period of short supply. The minimum prices at which the board bought butter for the month of May onward, were 32 cents per pound first grade delivered in British Columbia, Ontario and Quebec and 33 cents per pound first grade creamery butter delivered in the Maritime provinces. The schedule provided increases of $\frac{3}{8}$ cents per pound per month to $34\frac{3}{8}$ cents per pound in December in British Columbia, Ontario and Quebec and $35\frac{5}{8}$ cents per pound in the Maritime provinces. These support prices were in effect until the 30th of April following and $\frac{3}{8}$ cents per pound below ceiling prices as authorized by the W.P.T.B.

1944—

The Dairy Products Board supported the market at the same minimum prices schedule as during the previous year. Total butter purchased was 2,697,261 pounds of which 2,294,011 pounds were later sold to the domestic trade, and 403,250 pounds were sold to the British Admiralty to provision warships in the Pacific.

During the year, reductions took place in the butter ration and finally the ration was reduced to six ounces per person per week, effective the 1st of January, 1945.

1945—

As during previous years, the Dairy Products Board purchased creamery butter in support of the market. 4,324,976 pounds were purchased and later in the season, sold back to the trade, with the exception of 55,964 pounds shipped to the government of Bermuda and Jamaica under quota agreement arrangements and 409,180 pounds supplied to the British Ministry of Food to serve the British Admiralty ships calling at Canadian ports on the Pacific coast.

1946—

On the 31st of May, a delegation of Montreal cheese exporters interviewed the Minister of Agriculture to discuss the export of cheese. Following this, a discussion on the butter situation took place. Shortly afterward the market, which had been $38\frac{1}{4}$ to $38\frac{3}{8}$ cents per pound wholesales at Montreal, showed added strength and the average price during July was 40.16 cents as compared with 38.70 cents per pound during June. During each of the remaining months, August to December, the average price was 40.5 cents.

1947—

In view of the short supply of butter during the winter months, coupled with heavy consumption, an arrangement was made between the governments of Canada and the United Kingdom for the purchase of creamery butter to supplement the Canadian supply in order to maintain rationing on the basis of six ounces per persons per week. Through this arrangement, the British Ministry of Food shipped to the Dairy Products Board 4,945,640 pounds of New Zealand and Australian butter. This butter was distributed largely in the Maritime provinces, in the Toronto area and a relatively small amount on the Pacific coast.

During the spring of 1947 many controls affecting the dairy industry ended. On the 1st of May the payment of subsidy on butterfat used in the manufacture of creamery butter was discontinued. At the same time it was announced that, effective May 1, the ceiling price would be increased ten cents per pound of butter, thus assuring the cream producers a possible increase of price amounting

to between $1\frac{1}{2}$ and 2 cents per pound of butter in excess of the equivalent of the 10 cents per pound of butterfat subsidy. At the same time it was announced that in view of the increase in the ceiling price of butter the Canadian Prices Stabilization Corporation Limited would take action to secure the increased inventory value of stocks of creamery butter held at the time the ceiling was increased, which increase was considered to be $8\frac{1}{2}$ cents per pound. On the 9th of June rationing and ceiling prices on all dairy products were removed.

As a result of these important changes affecting the butter industry, prices during the year were substantially higher than those of the previous year. During May the price increased as a result of the increase in ceiling price and later in June onward there was a further increase after ceilings had been removed.

As the result of the removal of restrictions on the 1st of April on the volume of ice cream which might be manufactured, that branch of the industry had an increase of over 50 per cent in production during the year as compared with that of 1946. Also, as a result of the removal of ceiling prices and rationing of evaporated milk, there was a 10 per cent increase in the production of that product as compared with that of 1946. Diversion of butterfat to the manufacture of increased quantities of ice cream and evaporated milk production was, in part, at the expense of butter.

Appendices

No. 1—Exports of dairy products from Canada to the United Kingdom in fulfilment of contracts between the governments of the two countries.

No. 2—Unit values of dairy products to the United Kingdom.

Dairy Products Division,
Department of Agriculture,
OTTAWA, 10th March, 1948.

APPENDIX No. 1

EXPORTS OF DAIRY PRODUCTS FROM CANADA TO THE UNITED KINGDOM IN FULFILMENT OF CONTRACTS BETWEEN THE GOVERNMENTS OF THE TWO COUNTRIES

Years	CHEESE		Invoice Value \$
	Agreement Lbs.	Amount Shipped Lbs.	
1940-1941	78,400,000	93,081,238	13,009,729 00
1941-1942	112,000,000	115,392,071	18,381,330 00
1942-1943	125,000,000	142,092,573	28,712,008 00
1943-1944	150,000,000	116,200,000	23,365,530 00
1944-1945	125,000,000	123,138,058	25,933,280 00
1945-1946	125,000,000	126,687,236	25,894,214 00
1946-1947	125,000,000	92,104,624	18,801,081 00
1947-1948	125,000,000	56,104,066	14,253,458 00

EVAPORATED MILK

	Cases	Cases	
1940-1941	300,000	709,025	2,817,056 00
1941-1942	658,000	643,659	2,632,723 00
1942-1943	668,000	668,402	2,907,386 00
1943-1944	300,000	300,828	1,428,933 00
1944-1945	300,000	300,434	1,445,088 00
1945-1946	300,000	703,542	3,672,431 00
1946-1947	600,000	610,924	3,024,074 00
1947-1948	600,000	600,000	3,510,000 00

DRY WHOLE MILK

	Lbs.	Lbs.	
1945-1946	3,300,000	4,224,720	1,629,508 00

DRY SKIM MILK

	Lbs.	Lbs.	
1946-1947	6,720,000	6,281,800	741,273 00
1947-1948	8,000,000	7,984,303	1,069,621 61

BUTTER

	Lbs.	Lbs.	
1943-1944	7,000,000	7,088,506	2,939,555 50

Dairy Products Division,
Department of Agriculture,
March 10, 1948.

APPENDIX No. 2

UNIT VALUES OF DAIRY PRODUCTS TO THE UNITED KINGDOM

CHEESE

Year	Price
1940-1941	14c. F.O.B. Boat or Car Montreal
1941-1942	14.4c. F.O.B. Boat or Car Montreal from May 25 subsidized to 16c.
1942-1943	20c. F.O.B. Boat or Car Montreal
1943-1944	20c. F.O.B. Factory Shipping Point
1944-1945	20c. F.O.B. Factory Shipping Point
1945-1946	20c. F.O.B. Factory Shipping Point
1946-1947	20c. F.O.B. Factory Shipping Point
1947-1948	25c. F.O.B. Factory Shipping Point

EVAPORATED MILK

Year	Price per case
1940-1941	\$3.75 F.O.B. Steamer Can. Ports (Fibre or Export corrugated cases)
1941-1942	\$4.12½ F.O.B. Atlantic Ports
	\$4.00 F.O.B. Vancouver or New Westminster
1942-1943	\$4.32½ F.O.B. Steamer or Car Vanc. or New Westminster
	\$4.45 F.O.B. Steamer or R. R. Car Montreal
1943-1944	\$4.75 F.O.B. Steamer or R. R. Car Montreal, Vancouver or New Westminster
1944-1945	\$4.81 F.O.B. Steamer or R. R. Car Montreal, Vancouver or New Westminster
1945-1946	\$4.81 F.O.B. Steamer or R. R. Car Montreal, Vancouver or New Westminster
1946-1947	\$4.95 F.O.B. Steamer or R. R. Car Montreal, Vancouver or New Westminster
1947-1948	\$5.85 F.O.B. Steamer or R. R. Car Montreal, Vancouver or New Westminster

SKIM MILK POWDER

Year	Price
1946-1947	11½-13½c. per lb. F.O.B. Car or Boat Montreal
1947-1948	13½c. per lb. Basis First Grade F.O.B. Boat or Car Montreal

WHOLE MILK POWDER

Year	Price
1945-1946	Bulk 32½c. per lb. F.O.B. Car or Boat Montreal
	No. 1 tins 41c. per lb. F.O.B. Car or Boat Montreal

BUTTER

Year	Price
1943-1944	41½c. per lb. basis First Grade F.O.B. Boat or Car Montreal.

Dairy Products Division,
Department of Agriculture,
March 10, 1948.

DOMINION DEPARTMENT OF AGRICULTURE
MARKETING SERVICE

Average monthly wholesale jobbing prices of creamery butter for the years 1934 and onward at Montreal

MONTREAL

No. 1 Pasteurized

Month	1934 Cents per lb.	1935 Cents per lb.	1936 Cents per lb.	1937 Cents per lb.	1938 Cents per lb.	1939 Cents per lb.	1940 Cents per lb.
January	25.25	22.98	25.50	26.32	31.88	22.92	27.70
February	27.47	24.91	23.22	24.98	34.29	22.55	26.81
March	29.45	24.06	22.58	26.04	25.75	21.92	27.61
April	25.32	23.04	22.38	26.52	31.72	21.41	26.34
May	20.45	21.27	20.05	23.49	26.67	20.94	23.48
June	20.66	19.64	21.83	24.67	25.30	21.99	22.65
July	19.08	20.44	23.37	26.00	25.17	21.86	22.72
August	19.03	20.80	24.89	26.77	23.67	21.53	22.46
September	19.57	22.75	24.79	26.64	22.94	26.23	23.59
October	19.80	24.17	23.96	28.39	23.07	27.83	27.69
November	20.50	25.04	25.34	29.92	22.08	28.18	30.22
December	20.87	26.04	26.03	30.06	21.60	28.04	35.91
Average for year ..	22.29	22.93	23.66	26.65	26.98	23.78	26.43

Average monthly wholesale jobbing prices of creamery butter for the years 1941 and onward at Montreal

MONTREAL

No. 1 Pasteurized

Month	1941 Cents per lb.	1942 Cents per lb.	1943 Cents per lb.	1944 Cents per lb.	1945 Cents per lb.	1946 Cents per lb.	1947 Cents per lb.
January	*34.10	*34.10	*35.375	*35.375	35.375	36.500	40.500
February	*33.84	*34.95	*35.375	*35.375	35.375	36.500	40.500
March	*34.97	*35.25	*35.375	*35.375	35.375	36.500	40.500
April	*31.58	*35.25	35.33	35.360	35.000	40.500	40.500
May	30.59	35.00	33.17	33.765	34.025	38.887	49.325
June	31.84	34.52	33.19	33.475	34.234	38.703	50.094
July	35.48	34.34	33.31	34.000	34.703	40.156	50.625
August	36.70	34.90	33.42	34.687	34.712	40.500	56.391
September	34.36	35.41	33.90	35.234	34.812	40.500	59.734
October	32.89	35.38	34.67	35.312	35.812	40.500	57.625
November	34.00	36.13	35.14	35.375	36.450	40.500	61.125
December	*33.97	*36.28	*35.375	35.375	36.500	40.500	66.875
Average for year ...	33.69	35.13	34.47	34.892	35.198	39.187	51.150

Now, attached to this brief you will see two appendices. One shows, year by year, the contracts with the United Kingdom for cheese, evaporated milk, dry whole milk, dry skim milk and butter. The second appendix shows the price per pound of cheese, the price per case of evaporated milk and the price per pound of dry skim milk and dry whole milk. The prices quoted on this statement are all wholesale jobbing prices at Montreal.

I have here, as an exhibit, a statement showing the price, month by month, from 1934 to 1947 inclusive. I have gone back a little further than the manuscript to give you the price in 1934 because, sometimes, there are wide variations in a year and high prices following the winter are a common feature of the butter industry.

Mr. MONET: Then, would you file this document to which you have just referred, Mr. Singleton, the average monthly wholesale jobbing price of creamery butter from the years 1934 onward?

The CHAIRMAN: These two appendices attached to the brief, for the convenience of the committee and of those who read the evidence, should go in immediately after that statement. They should be put in in consecutive fashion. They will form part of the brief and not be an exhibit.

Now, you are adding this as part of the memorandum. This is a statement of the average monthly wholesale jobbing prices of creamery butter for the years 1934 onward at Montreal. You have not copies of that?

The WITNESS: We haven't enough copies for distribution. These are just added as an afterthought.

The CHAIRMAN: This is a very important statement.

Mr. MONET: Could we have a notation made to enter them tomorrow morning?

The CHAIRMAN: They should be available to all members of the committee.

Mr. MONET: Perhaps we could call that Appendix 3.

The CHAIRMAN: Yes. Just by way of explanation now, what I am trying to get—I do not know if we have got it yet—is the price of butter to the consumer as of today back to 1934? Have we got that?

The WITNESS: I think it is in the D.B.S. figures.

The CHAIRMAN: Yes, but not in the form I am talking about. I do not think so; and then we should have it broken down.

Mr. MONET: Is that not in Table 6, Mr. Chairman?

The CHAIRMAN: Yes, is that to the consumer?

Mr. MONET: No, that is not to the consumer, that is wholesale.

The CHAIRMAN: The wholesale price, yes.

The WITNESS: Table 7, Mr. Chairman.

Mr. MONET: Table 7 would show the average retail price on creamery prints in Montreal for the independent retail merchants from 1939 to 1947 inclusive.

Mr. LESAGE: To January, 1948.

Mr. MONET: Yes, and January, 1948.

Mr. MERRITT: Do these figures go back to 1934?

The WITNESS: It shows the wholesale jobbing average monthly.

Mr. MERRITT: Have you got the average retail price back that far?

The WITNESS: No.

The CHAIRMAN: Could you get that for us?

The WITNESS: That would be the same source as this, the D.B.S.

The CHAIRMAN: Then perhaps the secretariat could get that for the committee. Before we examine the witness I want to get some figures. Do you have any figures—or perhaps counsel might prefer to bring this out in another way—I am anxious to get the figures paid to the middleman, people like the packers and so on. How do you propose to get that?

Mr. MONET: I was going to ask Mr. Singleton if he knows what prices were paid.

The CHAIRMAN: I have to have that back to 1934.

Mr. MONET: Back to 1934?

The CHAIRMAN: Yes. If we are going to have the retail price we ought to know the full picture.

The WITNESS: What is that, Mr. Chairman?

The CHAIRMAN: The prices paid to what we call the middleman, the wholesaler.

Mr. MONET: Would you have that?

The WITNESS: Do you mean the price at which he sold?

The CHAIRMAN: Yes, because we should have the various prices which would show the margins so we can determine later on the margin of profit. We want to have the whole picture.

Mr. MONET: As I understand it, we have the price paid to the farmer, for instance—

The CHAIRMAN: Yes.

Mr. MONET: The price paid to the producer, and then we would like to have the price paid to the wholesaler so we will know the difference between that paid to the farmer producer and the wholesaler.

Mr. LESAGE: But, Mr. Monet, haven't we got all that in Exhibit 52? We have on Table 5 the price paid for butter to the producer, that shows the prices paid to the producer by months.

The CHAIRMAN: Yes.

Mr. LESAGE: Then on Table 6, they have the prices, the wholesale prices in the Montreal market.

Mr. MONET: But that is only back to 1939.

Mr. LESAGE: Then on Table 7, we have the retail price. I think we have the three, Mr. Chairman, back to 1939 only, we don't go back to 1934.

The CHAIRMAN: That is what I wanted, back to 1934.

Mr. MONET: You would like the same figures back to 1934?

The CHAIRMAN: Yes.

Mr. LESAGE: If we had Tables 5, 6 and 7 back to 1934—

Mr. MONET: Yes, that would make them complete.

Mr. McCUBBIN: These are the prices at Montreal.

Mr. MONET: Except butter fat, which you have for the whole of Canada.

Mr. McCUBBIN: Yes.

By Mr. McCubbin:

Q. Mr. Chairman, may I ask a question there? How many pounds of butter do you get out of 100 pounds of cream?—A. It depends on the fat in the cream.

Q. I understand that.—A. You mean, in 100 pounds of fat, how much butter you get out of 100 pounds of butter fat?

Q. Yes.—A. You said milk.

Q. It is difficult for some of the boys who come from urban districts to understand the system we work on. We talk about cream, butterfat and solids. The farmer sells 100 pounds of cream which goes to the factory, that is tested under test. Can you work that out for us?—A. Oh yes.

Q. This is just for their information.—A. Let us suppose the fat content is 30 per cent, you would have 30 pounds of fat in 100 pounds of cream, that would produce 37 pounds of butter on the basis of 23 per cent.

Q. And that is average?—A. Pretty close to it, some butter makers say they could get up to 25.

Q. But 23 is the average?—A. Yes.

Mr. JOHNSTON: How much butter would be made from 100 pounds of butter fat?

The WITNESS: Say 123 to 125, or a little better; it depends on the efficiency of the operation.

Mr. WINTERS: I wonder if we could go back one step beyond that. This morning you said that 100 pounds of milk would produce 4.32 pounds of butter. I wonder if you could take 100 pounds of milk and break it down into butter fat, skim milk and other components and by products so that we could follow it right through?

The WITNESS: I should have given you the basis of Mr. Taylor's calculation, 100 pounds of 3.5 milk, would make 4.2 pounds of butter.

The CHAIRMAN: Have you completed the answer?

The WITNESS: Yes.

The CHAIRMAN: May I suggest that we allow counsel to proceed first?

Mr. JOHNSTON: Just following along that—

Mr. MONET: I was going to ask a question or two of him about that.

The CHAIRMAN: I think counsel should be allowed to proceed.

Mr. JOHNSTON: In figuring that 100 pounds of butter fat, do you consider the amount of salt and water that you put in?

The WITNESS: That is what makes the difference between 100 pounds and 123 pounds or 125 pounds, whatever it is.

Mr. MONET: I was planning to bring that out.

The CHAIRMAN: Counsel has been preparing this material and I think he ought to be allowed to follow his plan. When he is through members will of course be free to ask any further questions they wish to complete the examination.

Mr. MONET: Now, Mr. Chairman, I have just a few questions that I have in mind.

The CHAIRMAN: Bearing in mind what we are after now on this particular inquiry; hoarding, and whether or not there has been excessive profits.

By Mr. Monet:

Q. So, Mr. Singleton, would you tell us how many pounds of milk there are to a pound of butter fat; or, in other words, how many pounds of milk does it take to produce 1 pound of butter fat?—A. That would all depend on the fat content of the milk.

Q. Well, as an average, what would you say—around 20 pounds or so? —A. Oh, no, there is a lot more than that. It would take pretty well up to 24 pounds.

Q. 24 pounds of milk to a pound of butter fat?—A. Yes, sir.

Mr. McCUBBIN: Of 3.5—

The WITNESS: Yes.

By Mr. Monet:

Q. —Of butter fat; to produce a pound of butter fat—I want to start in with the butter fat before we get into the butter.—A. About 28.6.

Q. 28.6 pounds of milk to a pound of butter fat?—A. To produce, yes, if the milk has a fat content of 3.5.

Q. All right; now, how much butter do you get out of a pound of butter fat?—A. Well, it varies in different creameries, as I remarked a moment ago; we based our calculations on an average of 1.23.

Q. 1.23, I think you said—out of a pound of butter fat you get 1.23 pounds of butter?—A. Yes, some men will go 1.25; others may not get the 1.23.

Q. But 1.23, it would be a fair average?—A. Yes, a conservative average.

Q. Now, Mr. Singleton, coming back to your statement, to page 6 of your statement at the bottom of the page, you say:

At the same time, it was announced that, effective May 1, the ceiling price would be increased ten cents per pound of butter, thus

assuring the cream producers a possible increase of price amounting to between $1\frac{1}{2}$ and 2 cents per pound of butter in excess of the equivalent of the 10 cents per pound of butter fat subsidy. At the same time, it was announced that in view of the increase in the ceiling price of butter, the Canadian Prices Stabilization Corporation Limited would take action to secure the increased inventory value of stocks of creamery butter held at the time the ceiling was increased, which increase was considered to be $8\frac{1}{2}$ cents per pound.

Would you tell the members of the committee if any action was taken in that respect?—A. Yes, action was taken to recover the 8.5 cents per pound on holdings of creamery butter at the time the price increase went into effect.

Q. And was it recovered as a matter of fact?—A. I believe it was substantially all recovered.

The CHAIRMAN: Now what does that mean?

By Mr. Monet:

Q. Would you tell the committee what you mean by that, give us the story of it?—A. The ceiling price was increased by 10 cents per pound and there was that increase or possible increase in inventory value as soon as the ceiling was increased, and it became a matter of government policy to recover that increase in inventory values. Now, while the ceiling price went to 10 cents it was considered that many holders might not be able to realize the full 10 cents per pound advance in the price, so the holders of butter were asked to remit to the government $8\frac{1}{2}$ cents per pound, which left them a cent and a half between the 40—after the $8\frac{1}{2}$ cents, under the new ceiling.

Mr. LESAGE: I understand that those who had butter on their hands on that date asked a cheaper price for it on account of the fact that subsidies had been paid the producer of $8\frac{1}{2}$ cents per pound?

The WITNESS: Well, they bought butter I presume within the ceiling, below the ceiling price; the Wartime Prices and Trade Board price was kept down and the farmer's income was supplemented by subsidy.

Mr. LESAGE: That is what I mean.

The WITNESS: When the subsidy was removed the price was allowed to go up 10 cents per pound.

By Mr. Monet:

Q. Would you explain, Mr. Singleton, Exhibit 52, Table 6; would the evidence just given refer to the 8.5-cent rise between the months of April and May of 1947, as shown on Table 6?—A. Yes, sir. That is right.

Q. Now, Mr. Singleton, while we are on the rise in the price of butter, looking at this Table 6 of Exhibit 52, I notice there is quite a substantial rise between the months of July and August; can you give the committee any explanation of that rise?

The CHAIRMAN: July and August of 1947?

Mr. MONET: 1947, yes.

The CHAIRMAN: From 49 cents to 55 cents.

Mr. MONET: It is $49\frac{7}{8}$ cents to $55\frac{1}{4}$ cents.

The WITNESS: Well there is much more statistical information available to traders at the present time than was the case a few years ago.

The CHAIRMAN: But this is 1947.

The WITNESS: Yes, I know it is 1947. We get more prompt and wider swings in market prices than we used to get a few years ago. Between January 1 of 1947 and 31st of July, 1947 the production of creamery butter—and I am

speaking of creamery butter exclusively—increased 219,000,000 pounds as compared with the same month in 1946. In these 7 months we had an increase of 219,000,000 pounds in production. Disappearance increased by 14·9 million pounds during the same month, and stocks were 740,000 pounds lower as compared with stocks at the 1st of August, 1946, plus what we imported between that date, 1st of August, 1946 and April of 1947. In making these calculations in our division we take stocks on a given date in any year and add to that what we may have imported during that period and the close of April. For example, last year we imported almost 5,000,000 pounds of butter from the United Kingdom, as I have already indicated. We add that to storage stocks. You have the marks there of a very strong market. You had an increase of 219,000,000 pounds in production in 7 months. You have an increase of disappearance amounting to 14·9 million pounds during the same month as compared to the corresponding months of the previous year. You have an increase in production, a very considerable increase in disappearance of stocks, slightly more than the previous year; and following that the market had advanced very rapidly. Now, these data regarding the production and disappearance during any month and stocks as at the beginning of the month following are available on about the 10th of each month, are available for the preceding month on the 10th for the preceding month. Now, that statistical position would be known about the 11th of August and on that date the market rose by $\frac{1}{4}$ cent per pound in Montreal, and on the 12th of August it went up another $\frac{3}{4}$ of a cent. On the 13th of August it went up another cent and $\frac{1}{8}$. During the whole month the price action I am speaking of, wholesale, advanced 5·36 cents per pound, and during September 3·8 cents per pound. Now, there was undoubtedly active buying by those in the trade because most dealers had been short of butter for several years. It is only reasonable to suppose that they would buy some supplies.

Mr. MONET: So this active buying at the prices you have just referred to would be one of the main reasons for the rise in price between July and August? Would that be right?

The WITNESS: I should think so, and sellers would be holding up their asking price because they knew the statistical position as well as anyone else.

The CHAIRMAN: Do you have in your own department any machinery by which you gather this information about accumulations, or do you rely on D.B.S.?

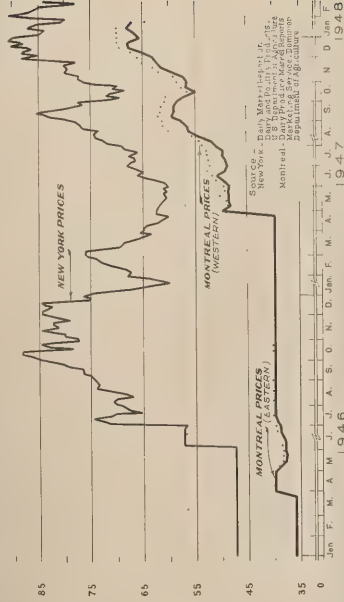
The WITNESS: On D.B.S.

The CHAIRMAN: The meeting is adjourned until 11 o'clock tomorrow morning.

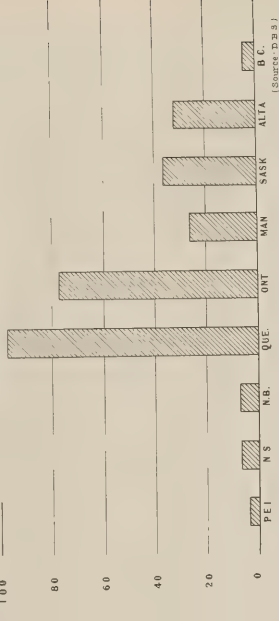
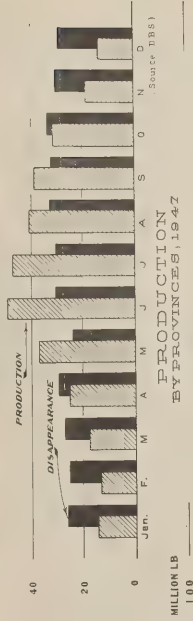
Note: See next page for Chart filed as Exhibit No. 53 and ordered to be printed as an Appendix to this days' evidence.

8 U T T E R W H O L E S A L E P R I C E S I N N E W Y O R K A N D M O N T R E A L 1 9 4 6 - 4 7 - 4 8

CENTS PER LB
95



M I L L I O N L B 60 PRODUCTION AND DISAPPEARANCE BY MONTHS, 1947



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SESSION 1947-48
HOUSE OF COMMONS

SPECIAL COMMITTEE
ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 25

TUESDAY, MARCH 16, 1948

WITNESSES:

Mr. J. F. Singleton, Associate Director of Marketing Service, Dairy Products, Department of Agriculture.

Mr. J. S. Turnbull, General Manager, Saskatchewan Co-operative Creamery Association Limited, Regina, Saskatchewan.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.
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CONTROLLER OF STATIONERY

1948



MINUTES OF PROCEEDINGS

TUESDAY, March 16, 1948.

The Special Committee on Prices met at 11 a.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Beaudry, Cleaver, Harkness, Homuth, Irvine, Johnston, Lesage, MacInnis, Martin, Maybank, Mayhew, McCubbin, Pinard, Vinters.

Mr. Fabio Monet, K.C., Counsel to the Committee, in attendance.

Mr. J. F. Singleton, Associate Director of Marketing Service, Dairy Products, Department of Agriculture, was recalled and further examined. He filed,

Exhibit No. 55—Statement showing percentage utilization of milk in Canada, 1942 to 1947 inclusive. (*Printed in this day's Minutes of Evidence*).

Witness retired.

Mr. J. S. Turnbull, General Manager, Saskatchewan Co-operative Creamery Association, Limited, Regina, Saskatchewan, was called, sworn and examined.

At 1 p.m. witness retired and the committee adjourned until 4 p.m. this day.

AFTERNOON SITTING

The Committee resumed at 4 p.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Beaudry, Cleaver, Harkness, Irvine, Johnston, Lesage, MacInnis, Martin, Maybank, Merritt, Pinard, Vinters.

Mr. Fabio Monet, K.C., Counsel to the Committee, in attendance.

Mr. Turnbull was recalled and further examined. He filed,

Exhibit No. 56—Buttermake by Saskatchewan Co-operative Creamery Association Limited, and other butter statistics relative to the said association. (*Printed in this day's Minutes of Evidence*).

Exhibit No. 57—Statement showing butter department earnings by the Saskatchewan Co-operative Creamery Association Limited. (*Printed in this day's Minutes of Evidence*).

Witness retired.

Mr. Maybank read into the record a letter addressed to the Chairman by Mr. George Christensen under date of March 11.

Mr. Maybank also brought to the attention of the committee a request by Mr. J. F. Singleton that a correction be made in his evidence submitted this day. Accordingly it was ordered that the quantity of 500,000 pounds be substituted for that of 4,300,000 pounds quoted by witness, as representing the increase in the disappearance of butter in February 1948 as compared with February 1947.

At 5.40 p.m. the committee went into executive session, adjourning its public session until Wednesday, March 17, at 4 p.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

March 16, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Chairman, Hon. Paul Martin, presided.

The CHAIRMAN: The meeting will come to order. I believe you had an appendix to produce today, Mr. Monet.

Mr. MONET: Yes, I now produce Appendix 3 to Mr. Singleton's brief. This was introduced yesterday and printed in the evidence. These copies were made for the convenience of members of the committee.

The CHAIRMAN: That arises out of Mr. Harkness' request.

Mr. MACINNIS: Before you begin with the witnesses may I ask a few questions? Last Friday we were given a copy of a questionnaire that was supposed to be sent out.

The CHAIRMAN: On meat?

Mr. MACINNIS: Yes, meat, and we were asked for suggestions. I was wondering when they were to be picked up. I have one suggestion to make.

The CHAIRMAN: The idea, as you know, is to have an executive session at 5.30 o'clock today so I suggest we might deal with that matter when we have that meeting.

Mr. MACINNIS: My other question then is, there was a questionnaire sent out early in this investigation to ascertain the amount of butter that was in storage at certain periods; has information on that point been received and will it be passed on to the committee?

Mr. MONET: I can tell you this, that we have received so far replies from twenty-eight of the largest holders of butter, statements from large firms. We have those in such forms as they can be distributed this afternoon to members of the committee if they wish them. As to the small holders, returns are coming in very slowly. Some of them have no holdings to speak of at all, or very little. We are dealing with them all now and at a later date we will be able to supply that information to you. I may say that there is not much information in these later returns.

Mr. MACINNIS: Thank you.

Mr. MONET: There was a questionnaire also which was sent out the middle of last week. We are working on that now, and we have decided to proceed in a similar manner with respect to meat. If members of the committee would like to have copies of the questionnaire, which of course is in blank, the copies can be supplied and they might be very useful to members of the committee when examining witnesses. Shall I distribute those this afternoon with the others?

The CHAIRMAN: Yes.

John Franklin Singleton, Associate Director of Marketing Service, Dairy Products, Department of Agriculture, recalled.

By Mr. Monet:

Q. Mr. Singleton, at adjournment yesterday afternoon you said active buying by those in the butter trade would be one of the main factors in the rise in the price of butter from July to August as shown on Table 6, for the year 1947; a rise from 49½ cents to 54½ cents; that is the answer you gave yesterday afternoon as to the cause for the rise in price which took place during July and August; do you wish to say anything further about that?—A. I have nothing to add to that.

Q. You have nothing to add to that?—A. No.

Q. Then we follow on with this Table 6, for the year 1947, I notice there is another substantial rise between the months of August and September of the same year, a rise from 54½ to 59½?—A. Yes, sir.

Q. Would you tell the members of the committee what would be the main factors in the rise in prices for that period?—A. Well, I should say in a general way conditions were quite similar to those that prevailed in the previous month, with this exception that on the 10th of August the statistics revealed that disappearance had increased during August by 5.2 million pounds and that increase carried over into September although not at quite as big a rate; the increase was 3.4 million pounds in disappearances in September as compared to that of September, 1946. The statistics showed a remarkable increase in the production of butter throughout December, 28.1 per cent, but that was due to a great extent to production during this time when the producers' strike was on in the previous year in western Canada, in Alberta and to a lesser extent I believe in Saskatchewan, so that would make September and a part of October abnormally low and the 1947 production showed a remarkable increase for those two months. With those two exceptions, conditions were just the same as the previous month.

Q. You mean as between July and August?—A. Yes.

Q. Now, Mr. Singleton, always remaining on this question of rising prices, we will jump over the month of October, we will return to it later on, will you explain to the members of the committee the increase from 57½ to 60½ as between October and November of 1947?—A. It was made clear I think to most students of the situation at that time that unless something entirely unexpected occurred we were heading into a very short position. Now, we made a calculation in my own division a little later on with respect to distribution, disappearances, from June 1947 to October, 1947 inclusive and the disappearances during the same months of 1946. Now, during those five months, June to October inclusive, disappearances of 19.2 million pounds showed a 16.77 per cent increase during the first five months in which there was no rationing. To maintain that rate of disappearance through to the end of April would mean that stocks would have to be supplemented by makes, an increased amount November to April inclusive of 26.55 per cent over the production during the same month of the previous year to get enough butter to sustain this increase to rate of disappearance of 16.77 per cent we would have had to have had an increase in production of 26.5 per cent from November to April inclusive, and that production from June to October inclusive was up only 10 per cent, so that it was quite apparent that unless higher prices curtailed disappearances the supply position would be very very short before the make comes on this coming spring.

Q. What was that?—A. I said it would require increased production of 26 per cent from November to April to sustain the increase rate of disappearance that prevailed from June to October inclusive.

Mr. CLEAVER: And that increase later of disappearance was 19 per cent?

The WITNESS: I said it was 16.77 per cent.

By Mr. MacInnis:

Q. Did you have any reason to suspect that this increased disappearance was not accounted for altogether by increased consumption? Have you any facts to support that?—A. I have no facts concerning that. The thing that was most prominent in my mind from month to month at that particular season was anticipation of increase in disappearances owing to the higher price levels. Now, that just did not develop, and we did not know to what extent butter might have been in household refrigerators or in retail store warehouses—those stocks are not reported, no retailer reports his stocks except in the case of chain stores who operate warehouses, and they do report.

Q. But you have no facts or information on that at all?—A. No, I haven't, Mr. MacInnis. I was told by one vendor that some butter was coming back occasionally, a bit of butter from a householder, that was predated—the date is printed on the wrapper—and occasionally a bit would come back that had been out four or five weeks, which would look as though there had been some holding, but that would be relatively unimportant.

The WITNESS: As though there had been some buying in anticipation of requirements.

By the Chairman:

Q. Actually, there is a great deal of that, isn't that true? I am not suggesting that your answer does not give the full picture, I think there was a great deal of that.—A. On the part of the consumers?

Q. Let us say on the part of individuals or companies.—A. Those who serve the retail trade do buy in anticipation of future requirements. That is their business.

Q. Yes.—A. But I thought this question referred to consumer buying.

Mr. CLEAVER: Disappearances.

The WITNESS: Yes, disappearances.

By Mr. Lesage:

Q. There are quite a lot of consumers who buy their winter supply of butter during the fall?—A. I would not know what extent that obtains, Mr. Lesage. Going down the page you will be interested in these quantities of increased disappearances month by month: In June it was 3,000,000, July 3.6, August 5.2, September 3.4, October 3.8, November 3,000,000, and December, 3.1. Now, if such consumer buying as you suggest, Mr. Lesage, is important it would be somewhat at variance with the drop in disappearances during November and December as compared with earlier months, would it not?

Q. It is important though.—A. It would appear in both years. We are dealing this year with consumer buying, not earlier years.

Q. Yes, I did not mean this year especially, but I say that every year in rural communities people will buy their winter's supply of butter during the fall.

Mr. MACINNIS: You said I think, Mr. Singleton, that you expected there would be a decrease in disappearances after control was removed because of the increased price. I think that is what you said. If prices were going up would there not be a tendency there such as the one you suggested of curtailment in consumption in certain income groups because of the increased price, and greater buying on the part of those in other income groups because of a fear of a further rise in prices and in order to have a little stock on hand at a cheaper price?—A. Well, I do not know to what extent that might obtain, Mr. MacInnis. There might be some, but what I—I do not know just what word I used—what was in my mind, what I was watching most however during the later months, from June and July on was during September your buying, your disappearances, would drop off, and it seemed at the time to me that unless that happened we would be in an overall short position.

By Mr. Cleaver:

Q. Have you the information for January and February on disappearance of production?—A. Yes, it was 300,000, .3 million pounds.

Q. Not so fast, please.—A. January, 1948, disappearance was down .3 million.

Q. What do you mean by .3 million?—A. 300,000.

Q. 300,000, down in January?—A. And February—

Q. Just a minute, that would mean that the January disappearance was how much?—A. 21.2 million.

Q. And what about February?—A. An increase of 4.3 million.

Note: A correction subsequently authorized by the committee at witness' request, indicates that the increase in the disappearance of butter in February 1948, as compared with February 1947, was 500,000 pounds instead of 4,300,000. This should be taken into account in respect of the examination which follows on this particular subject.

By Mr. Maybank:

Q. That is down from what, an increase from what; January is down from the former January or down from December?—A. The former January.

Q. As compared with a year ago?—A. As compared with a year ago.

Q. 300,000 pounds less?—A. Yes.

Q. And this increase which you mentioned for February is likewise to be compared with February of 1947?—A. Yes sir.

By Mr. Cleaver:

Q. February was down?—A. February was up.

Q. Up?—A. 4.3 million pounds.

Q. That is 4,003,000?—A. No, no; 4,300,000.

Q. 4,300,000, and the total figure there was up how much?—A. 20.7 million.

Q. Would you give the committee then the production figures for the same months?—A. January of 1948 was 8.9 million pounds. This is creamery butter in every case. I am not taking any quantity of dairy butter into this increase at all. February, 8,000,000 pounds.

Q. Would you give us the January increase in production over the previous January?—A. You want it in pounds? I have it in percentage.

Q. Percentage is satisfactory.—A. A decrease of 8.8 per cent in January, and a decrease of 7 per cent in February.

The CHAIRMAN: Have you any further questions, Mr. Cleaver?

Mr. CLEAVER: No, thank you, Mr. Chairman.

By Mr. Monet:

Q. Now, Mr. Singleton, I see that between November and December there was another very substantial rise, from 60½ cents to 66½ cents, would your explanation be the same as for the other raises which you have just explained?—A. It would be, yes.

Q. Now, can you tell members of the committee who would benefit most from the rise in prices from the month of June to the month of December inclusive?—A. Well, the producers would have benefited through it in so far as production is concerned. Following the various advances in price their returns would be advanced accordingly—the cream position. Those holding stocks of butter would likewise have profited by the increased price.

Mr. MACINNIS: What do you mean exactly by producers, the farmers or the creameries?—A. The cream producers.

By Mr. Monet:

Q. That would be the farmers?—A. Yes.

Q. Then you mentioned other categories?—A. The holders of butter.

Q. That would be the wholesalers?—A. Yes, and the creameries in some cases.

Q. Can you tell the members of the committee if the butterfat price has raised in proportion to the rise in the price of butter?—A. I do not follow these prices closely, Mr. Monet, and I think it would be preferable—I haven't got the information here anyway, it could be prepared for you later. As far as our returns go, in a general way I would say yes, the price of fat did rise.

Q. Can you say whether that rise was proportionate to the rise in the price of butter?—A. I could not say that.

Q. Could you get that information for us?—A. I think so.

Mr. IRVINE: I think we should have it.

Mr. CLEAVER: Mr. Chairman, would you mind if I asked a supplementary question?

The CHAIRMAN: Do you mind if we just complete this?

By Mr. Monet:

Q. This is the last question I am going to ask in this group, but I will have other questions on another group later. I think I should like to have an answer to this question. Could you get this information for us?—A. It is a question of comparison, is it not? This is in your table No. 5.

Q. Well, I should like to have your opinion?—A. It is a question of the ratio. We will be pleased to work it out later and hand it to you.

Mr. MACINNIS: You will need it from month to month. You only have it here from year to year.

By Mr. Monet:

Q. Yes, and we will need it especially, Mr. Chairman, for those months covering the period from May, 1947 to February, 1948 inclusive, when the big rise in butter prices took place?—A. Yes, a comparison between the monthly average butter prices and the monthly average fat prices.

Q. Yes. Would the members of the committee be satisfied to have that? I think it should be satisfactory to have that information covering the period from May because, until May, there was a ceiling price. I think the information should cover the period from May, 1947 to February, 1948 inclusive. It would be most interesting to have those figures. I am finished questioning on this part of the evidence, but I will have questions to ask later on another subject.

By Mr. Cleaver:

Q. Mr. Singleton, I wanted to make sure I understood the answers which you gave me a few moments ago in regard to production and disappearance of butter for January and February of this year compared with January and February of last year. I wanted to make sure I have the correct answers and that I understand them. Table No. 2 shows the production of butter from 1939 to 1947?—A. Yes, sir.

Q. I notice that this table includes all types?

Mr. IRVINE: Which table is that?

By Mr. Cleaver:

Q. Table No. 2. Creamery butter is a very large item compared with the other two items of dairy and whey butter. Would the production of those three types of butter in the month of January compare reasonably well with the

average production throughout the year, or have you a heavier percentage of production in, say, dairy butter in mid-summer than in mid-winter?—A. Well, I should expect it would be heavier in the summer months.

Q. Coming to this table, what do you mean by the figure I am now looking at, January, 1947, the total figure of 14,362,000 pounds?—A. That, as I understand this table, includes creamery, dairy and whey butter.

Q. Then, coming further down to creamery butter for the year, is that 290,841,000 pounds for the entire year?—A. I understand it is.

Q. All right. Then, coming to the answers which you gave me, I understood you to tell me that the production of creamery butter in January of 1948 was 8.9 million pounds; is that right?—A. Yes, sir.

Q. How does that tie in with this other statement? That would appear to me to be a very much greater reduction than the 10 per cent, when I compare the 8.9 million pounds with the January production for 1947 which was 14.362 million pounds; that would appear to be a much greater reduction than 10 per cent?

Mr. WINTERS: If you deduct from the 14,362,000, the amount of dairy butter for the month, it might work out that way.

The WITNESS: We now have the statistics for dairy butter production. In the month of January, it was 4,514,000 pounds and for whey butter it was 42,300 pounds.

By Mr. Cleaver:

Q. I am sorry, I did not hear that answer.—A. Dairy butter, during January was 4,514,000 pounds and whey butter was 42,300 pounds.

Q. That would appear to clear that point up in my mind. Then, coming to the disappearance figures, did I understand you correctly that the disappearance was down in January, 1948 as compared with January, 1947 by just 300,000 pounds?—A. Yes.

Q. And when we move into February, the disappearance is up for February, 1948 as compared with February, 1947 by 4,300,000 pounds?—A. Yes, sir.

Q. And that the total disappearance in January, 1948 is 21.2 million pounds?—A. Yes.

Q. And in February of 1948 is 20.7 million pounds?—A. Right.

Q. Now, referring back to your chart—I do not know the exhibit number of that.

Mr. MONET: Exhibit 53.

By Mr. Cleaver:

Q. With a total disappearance of 20.7 million pounds in February, this chart should show an increase of 4.3 over the black mark in the chart?—A. I do not follow your question, sir.

Q. Well, if we were to add to this chart, as you have shown it for 1947 the increase to the black chart mark for February of 4.3 million pounds, would that not bring the black marking in the chart up more than 20.7 million pounds?—A. I think the difference is that this black mark in the chart would include all butter, creamery, dairy and whey butter, whereas the figure I gave you was for creamery butter only; that is, the disappearance figure.

Q. Well, in looking at the chart for February, 1947, that chart looks to me as if the February disappearance would be, perhaps, 25 million pounds. Does it not look that way to you?

Mr. MACINNIS: That is what it is on table 4.

By Mr. Cleaver:

Q. Then, how can 20.7 million pounds be an increase in that? Do you see my point; if your chart shows a February disappearance in 1947 of 25 million

pounds, how on earth could 20·7 million pounds be an increase in that? I would say it was a decrease?—A. Dr. Derby has just pointed out, it is 1947 as compared with 1946. The figures I gave you were 1948 compared with 1947.

Mr. IRVINE: The chart at which you are looking is 1946, is it not?

Mr. MONET: The figures for disappearance are by months in 1947.

Mr. CLEAVER: The heading on the chart says both production and disappearance by months, 1947; that is not 1946.

Mr. MONET: No, Mr. Cleaver, for the first segment you have 1946-1947, as to prices. The second segment has production and disappearance by months for 1947 only.

Mr. CLEAVER: I should not take up the time of the committee on this matter; I will try to worry it out for myself.

The CHAIRMAN: Are there any other questions?

Mr. LESAGE: I believe Mr. Merritt asked Mr. Taylor yesterday to give a break of the retail price of 73 cents for butter, as to how much would represent the wholesale price; the amount of money that would go to the producer, and so on. He is not here this morning but I thought it was a very interesting question which should be pursued.

Mr. HARKNESS: It was I who asked that.

The CHAIRMAN: That is being considered now.

Mr. MONET: We will probably have that information available this afternoon. The secretariat is gathering all the information from the Minister of Agriculture and other sources and it will probably be available this afternoon.

The CHAIRMAN: All right, Mr. Monet.

By Mr. Monet:

Q. Coming to another part of the evidence, would you describe the utilization of fluid milk in Canada? Before you do so, I understand you have prepared a document containing this information, which I should like to file as Exhibit 55.

EXHIBIT No. 55: Percentage utilization of milk in Canada.

PERCENTAGE UTILIZATION OF MILK IN CANADA

—	1942	1943	1944	1945	1946	1947
<i>Total production of milk (millions of pounds).....</i>	17,489	17,519	17,624	17,627	16,937	17,214
<i>Percentage Utilization.....</i>	P.c.	P.c.	P.c.	P.c.	P.c.	P.c.
Creamery Butter.....	33·1	41·6	39·7	39·0	37·6	39·6
Dairy Butter.....	10·5	7·4	7·2	7·1	7·5	7·7
Total Butter.....	48·6	49·0	46·9	46·1	45·1	47·3
Cheese.....	13·3	10·7	11·5	11·8	9·7	8·0
Fluid Sales.....	19·4	21·2	22·2	22·8	25·1	24·2
Concentrated.....	3·0	3·3	3·5	3·5	3·7	3·9
Ice Cream.....	1·4	1·5	1·6	1·5	1·3	1·9
Consumed on Farms.....	9·9	9·8	9·8	9·8	10·3	10·0
Fed on Farms.....	4·4	4·5	4·5	4·5	4·8	4·7
Total used on Farms.....	14·3	14·3	14·3	14·3	15·1	14·7
	100·0	100·0	100·0	100·0	100·0	100·0

Based on statistics obtained from Agricultural Branch,
Dominion Bureau of Statistics.

By Mr. Monet:

Q. Would you describe utilization of fluid milk in Canada as shown on this exhibit?—A. Well, I presume all it would be necessary to discuss would be the variations between 1946 and 1947, which are shown at the right hand end of the table. In 1946, 37.6 of the total fat production of Canada was utilized, or the total milk production was utilized in the making of creamery butter, and 7.5 per cent in the manufacture of dairy butter. The figures for 1947 were 39.6 and 7.7, a total of 47.3 per cent which means 3.2 per cent more of the total fat production was used in producing butter in 1947 than in 1946.

Now, whey butter has been mentioned here. It does not enter into these calculations because it is a by-product of the manufacture of whey.

By Mr. MacInnis:

Q. How is whey butter manufactured and what, really, is it? When I was on a farm whey was not much used for anything. You could not get much butter out of it.—A. Whey will have an average fat content of from $\frac{1}{2}$ to $\frac{1}{4}$ of 1 per cent under good manufacturing practice. It is now profitable to skim that whey and churn the cream. This has become profitable owing to the fact that separators have been developed with much greater capacity than we had fifteen or twenty years ago. Most of the larger factories are now skimming the whey, recovering the cream and churning it into butter. Most of the butter is consumed by the men who have supplied the milk to the cheese factories.

By Mr. Harkness:

Q. How does that butter compare with ordinary butter?—A. Well, it is a matter of preference.

Q. Is it a poorer product, generally speaking, so far as most people's taste is concerned?—A. I would say it is a very good quality of butter, providing it is manufactured under sanitary conditions. There is no reason why it should not be a very good quality of butter.

Now, as for cheese; in 1946 9.7 per cent of the total milk production was used in cheese manufacture. That decreased to 8 per cent last year, a decrease of 1.7 per cent which is reflected in the latest cheese production figures for 1947. The milk sold for fluid consumption was 25.1 per cent in 1946 and 24.2 in 1947, a decrease of .9 per cent. Concentrated milk, that is evaporated milk and dry whole milk powder was 3.7 per cent in 1946 and 3.9 per cent in 1947, an increase of .2 per cent. Ice cream represented 1.3 per cent in 1946 and 1.9 per cent in 1947, an increase of 0.6 per cent.

Now, the production of ice cream was restricted for several years. That restriction was removed on the 31st of March, 1947. The total ice cream production during the entire year of 1947 showed an increase of approximately 50 per cent over that of 1946, but if you take the last nine months of 1947 and compare it with the same months of 1946, the increase is 58 per cent. Those nine months were unrestricted.

Consumed on farms and fed on farms, 15.1 per cent in 1946 and 14.7 in 1947, a decrease of four-tenths of 1 per cent.

Mr. MONET: Mr. Chairman, I have no more questions to ask the witness on this exhibit. If there are any questions to be asked by the members, I think they could be asked at this time.

By Mr. Winters:

Q. Yesterday, I asked Mr. Singleton, I think it was, if he would take, as an example, 100 pounds of milk and break it down to show what processes it goes through and what by-products result. It would be beneficial to me, I know, but probably the other people know about it.

Mr. Taylor said 100 pounds of milk made 4·3 pounds of butter. I should like you to go all through the process and tell us what is left over; what you do with it; and so on, right down until it is all used up?—A. The by-products from the manufacture of butter are skimmed milk and buttermilk.

Q. Could you take this 100 pounds as a base and tell us how much of the different qualities are involved? I should like to get some idea how much value is attached to it, to evaluate this 100 pounds of milk that goes into the production of butter?—A. Let us take one at a time. We have 100 pounds of milk; we have the skim milk; then take one-tenth as cream; that would give us 10 pounds of 3·5 per cent cream if the milk contained 3·5 per cent butterfat. That 10 pounds is churned and we get about—according to Mr. Taylor's calculations—4·2 pounds of butter and that would leave us 5·8 pounds of buttermilk. 100 pounds of milk gives 10 pounds of cream, that is of 3·5 per cent butterfat and ignoring the loss in skimming, when churned would make approximately 4·2 pounds of butter leaving 5·8 pounds of buttermilk. Now that would leave 90 pounds of skim milk.

Q. Yes.—A. That might be returned to the farms; it is returned in some cases and in others it is dried. Last year the dairy products board exported about 14,800,000 pounds of dry skim milk.

Q. Suppose you made whey butter out of it?—A. You would not make whey butter when you make regular butter; we will get into that in the making of cheese.

Mr. McCUBBIN: Yes, but 90 per cent of that skim milk never leaves the farm.

The WITNESS: That is quite true. I would not know whether it is 90 per cent or not but there has been a big switch-over to collecting of cream as against whole milk, particularly in Quebec.

Mr. McCUBBIN: That is not true in our country.

The WITNESS: No.

Mr. WINTERS: What is buttermilk worth per pound?

The WITNESS: I do not know the feeding value of that. It depends on the people who use it. It is used for poultry feeding and hog feeding. That is outside of my field altogether and I will not attempt to put a valuation on it.

Mr. HARKNESS: In some places there is really no market for it and a large part of it is wasted.

The WITNESS: I believe some of it is wasted.

Mr. JOHNSTON: Could you take 100 pounds of whole milk, as you did in the case of butter, and tell us how many pounds or gallons of ice cream it would make?

The WITNESS: Have we got this butter matter cleaned up?

Mr. WINTERS: No, I am not finished.

By Mr. Winters:

Q. Supposing an efficient creamery were doing the operation, that is disposing of the buttermilk and the skim milk, can you say how much they would expect for buttermilk in an area where it is consumed?—A. Very often it is dried and sold for animal feed. The larger creameries, many of them, are trying that.

Q. Is there not a fair market for buttermilk? You get it in most hotels and restaurants and in the parliamentary restaurant?—A. The buttermilk you get in the parliamentary restaurant is not buttermilk at all.

Mr. HOMUTH: No it is not.

Mr. JOHNSTON: Then we have been gipped.

The WITNESS: No, I think you are getting the best of it. The process is that you take skim milk and inoculate it with a souring organism which sours it while it is still sweet and it is then delivered to the home.

Mr. HOMUTH: It has the same fat value as skim milk.

The WITNESS: Yes, but many people prefer it to skim milk.

Mr. WINTERS: If it is used as dried skim milk what is it worth?

The WITNESS: Last year we sold 8,000,000 pounds to the United Kingdom for 13½ cents for first grade.

By Mr. Mayhew:

Q. Is there any manufacture at all in Canada of casein?—A. The production of casein last year was about 6,000,000 pounds.

Q. It is growing?—A. Yes, tremendously, since the beginning of the war.

By Mr. Winters:

Q. How many pounds of fluid skim milk are required for a pound of dried skim milk?—A. 8 to 8½ pounds of dried skim milk are received from 100 pounds of fluid skim milk.

Q. 100 pounds to 8½?—A. 100 pounds of fluid skim milk produces 8 to 8½ pounds of dried skim milk.

Q. That, you would say, would be the total utilization or the maximum utilization of milk?—A. Yes.

Q. Butter, buttermilk, and skim milk?—A. Yes.

By Mr. Lesage:

Q. As a matter of fact skim milk in most parts of the country is taken back by the farmer to his farm to feed the animals?—A. It is in the case of the smaller creameries, but as Mr. McCubbin points out, in the case of what represents the far greater part of butter production in Canada the milk is skimmed on the farm and the skim milk is used on the farm for feeding the stock. The skim milk never leaves the farm except in the fashion that the farmer markets his pigs.

Q. That would apply to buttermilk?—A. Buttermilk comes from the creamery where the butter is churned.

Mr. McCUBBIN: The beef man sells his cream but keeps the skim milk and feeds the calves and pigs. We put a value on that skim milk of 50 to 75 cents per 100 pounds.

The WITNESS: The value depends, I think, Mr. McCubbin, wholly upon the purpose for which the skim milk is used. I remember once being told by a breeder of purebred dairy cattle that he considered the cream to be a by-product of skim milk. The skim milk was worth more to him than the cream for feeding highly bred stock.

Mr. MONET: Now, Mr. Singleton, on exhibit No. 53 there is a third segment showing the production by provinces for the year 1947. I think it would be interesting for the members of this committee to know which are the surplus and which are the deficiency areas?

Mr. JOHNSTON: Before you leave that, I wonder if it would be possible to go into the question I asked regarding the 100 pounds of milk being developed into ice cream. I am interested in knowing about this whole milk which could be used for the production of butter and yet some of the creameries, the large creameries, are converting it into ice cream rather than putting it into butter because of the extra profit that they have there.

The CHAIRMAN: Can you help us on that?

The WITNESS: Dr. Derby has been figuring that out and he tells me it will take 14.2 pounds of milk to make a gallon of ice cream.

Mr. HOMUTH: Is that in the modern method of making ice cream, because I am wondering how much milk or cream is now in ice cream?

By Mr. Johnston:

Q. There is very little.—A. The fat standard was altered during the war to conserve fat. When war was declared the standard was a minimum of 13 per cent fat. The present standard is a minimum of $9\frac{1}{2}$ per cent and a maximum of $10\frac{1}{2}$ per cent fat.

Q. That is in ice cream. Is there a standard which they are required to follow?—A. Pardon?

Q. Is there any standard under the Foods Act?—A. Yes, there is a standard under the Dairy Industry Act. We have inspectors out all over the country working on that matter continuously and ice cream must weigh at least five pounds per gallon.

Q. Have you ever thought, when there was a scarcity of butter, of turning more of this cream which is used for making ice cream into the manufacture of butter?—A. That was done for years during the war and control just came off on the 31st of March. There was a restriction on the volume of ice cream which might be produced.

By Mr. Harkness:

Q. The point is that only 1.9 per cent of the milk production went into ice cream in 1947?—A. That is quite true.

Q. In other words, it is a small percentage?—A. It is a small percentage, yes.

Mr. JOHNSTON: There was a 50 per cent increase from 1946 to 1947?

The WITNESS: That is true.

By Mr. Winters:

Q. Mr. Chairman, may I just go one step further on the line that I was following? In 100 pounds of milk would there be approximately 40 quarts?—A. It is a little less than that; the figure is $38\frac{1}{2}$ —something like that.

Q. If the utilization out of 100 pounds of milk were 40 pounds of butter and nothing else, that would be worth about \$2.85 to the farmer, assuming butter to be worth 67 cents a pound?—A. We had an estimate made the other day on present butter prices which indicates creamery is returning to the farmer \$2.62 per 100 pounds of milk. That is to say, if the farmer delivers cream, every 100 pounds of milk would be worth \$2.62.

Mr. LESAGE: Plus the skim milk?

The WITNESS: The skim milk would not be taken.

Mr. IRVINE: At what period would you fix that value? Would it make any difference which month or year you took?

The WITNESS: That is at the present time.

Mr. WINTERS: If he were to get the maximum out of the skim milk he would get about a dollar for the balance of the ninety pounds, which is skim milk?

Mr. HOMUTH: No, no.

Mr. McCUBBIN: He does not get anything.

Mr. WINTERS: I am just trying to find all this out.

Mr. HOMUTH: It depends entirely on the use to which he puts the skim milk and the value he puts on it himself.

Mr. WINTERS: I am trying to find some figure at which it is more profitable if the milk is turned into butter than if it is sold for consumption as raw milk for instance, and it looks like about 7 cents a quart.

Mr. LESAGE: In Quebec the consumer receives 10 cents a quart f.o.b. the farm.

Mr. WINTERS: And that would seem that it is slightly more profitable to sell it for butter.

Mr. LESAGE: Yes, definitely.

Mr. McCUBBIN: No, you are going to get into an argument straight off there, you see. As Mr. Homuth has said, it is difficult to place the value on skim milk.

The WITNESS: I would place a \$1 value on it and another man might place a 40-cent value on it. It is a matter really of where you live and what you use skim milk for.

Mr. HOMUTH: And also it depends on the type of farming.

The WITNESS: I got the idea Mr. Winters was trying to figure the problem out placing a value on 8 pounds of dried skim milk at 13½ cents.

Mr. WINTERS: Yes.

The WITNESS: Not feeding it at all.

Mr. WINTERS: That is right.

Mr. MACINNIS: Is it not a fact the fluid milk market is the most profitable market in the dairy industry? It might depend to some extent on the proximity of the large consuming centres and so on—

Mr. McCUBBIN: Well, that is not true as far as the land is concerned. If you are farming you are mining the land, you are not farming it. In one instance the ingredients go back into the land but if you sell all the milk off it does not return.

The CHAIRMAN: The relevancy of this discussion I suppose turns on the question of butter production?

Mr. WINTERS: Yes, and we have found it economically possible to lean toward production of butter rather than milk.

Mr. HOMUTH: The question before this committee is a question not of what is most profitable to the farmer but it is a question as to whether butter is too high or too low in price.

The CHAIRMAN: The last question on production may be a very big factor in the price that certain people receive. However, I have been wondering, as the discussion took place, just exactly the interest it has here for our immediate purpose.

Mr. HOMUTH: I think what we want to get at is whether there have been speculators in the butter market?

The CHAIRMAN: We are going into that but we must take it step by step. Counsel has a plan. We are definitely interested in the matter of speculation but let us not hurry counsel on that very important particular.

Mr. HOMUTH: What I am trying to get at is, I think, if we start to delve into questions of what is most profitable to the farmer we will have to go into the whole scheme of farming, dairy cattle, hogs, and everything else. We will never get anywhere.

The CHAIRMAN: I think that is right.

Mr. McCUBBIN: Yes, but Mr. Winters is just asking for his own information.

Mr. HOMUTH: I realize that but I think we might get too involved in the whole question of types of farming and we might forget all about the butter part.

Mr. WINTERS: I just want the information.

Mr. LESAGE: I have one question. Mr. Taylor said yesterday the price of butter should be about double the price of cheese. I would like to know, just to complete the picture, how many pounds of cheese you can get from—

The CHAIRMAN: We are coming to that. May I just suggest that counsel has possibly been too respectful. He had a certain line which he was following and I think he ought to proceed with that. Counsel's course will not be altered.

Mr. MONET: My next question had to do with the production of butter as against cheese, and vice versa. We will then have the whole story.

The CHAIRMAN: You had better proceed with the examination and the committee will help you.

Mr. MONET: I will come to the question asked by Mr. Lesage.

Mr. LESAGE: Right.

Mr. MONET: Before we reach that I had put another question to Mr. Singleton with regard to the third segment of the chart, exhibit No. 53, and the production by provinces for 1947. I think it will be most important that the members of the committee receive an explanation as to this production? You will make the explanation as briefly as possible.

Mr. HARKNESS: What chart is under discussion?

Mr. MONET: Exhibit No. 53, the third section, relating to production by provinces.

Mr. HARKNESS: Yes.

The WITNESS: You want figures?

By Mr. Monet:

Q. Yes.—A. Production was as follows: Prince Edward Island, 4.1 million pounds; Nova Scotia, 9.3 million pounds; New Brunswick, 11.64 million pounds; Quebec, 105.8 million pounds; Ontario, 86.9 million pounds; Manitoba, 32.2 million pounds; Saskatchewan, 51.1 million pounds; Alberta, 41.5 million pounds; British Columbia, 6.1 million pounds. That is all creamery butter and whey butter. Now certain of those provinces produced a surplus but others did not produce sufficient for their own requirements. It is impossible to get exact figures as to the disappearance of butter in any province because there are no official records of interprovincial movement of butter. However, last year the figure on disappearance for all of Canada was 27.9 pounds per capita. If that per capita figure of disappearance is applied to the population of the various provinces we find that we have surpluses as follows: Prince Edward Island, 1½ million; Quebec, 1 million; Manitoba, 11.5 million; Saskatchewan, 27.6 million; Alberta, 18.6 million.

There were shortages as follows: Nova Scotia, 8 million; New Brunswick, 2 million; Ontario, 30 million; British Columbia, 23.6 million.

Q. Would you give some of the reasons for those figures, Mr. Singleton?—A. One reason is the variation in numbers of cows in the various provinces. Those figures have been reduced to a basis of the number of cows per 100 human beings or per 100 of the population. In British Columbia, one of the deficiency areas there are 9.1 cows per 100 people; Ontario is the next deficiency area and they had 30 cows per 100 people; Quebec is a surplus area with 30.1 cows per 100 people; New Brunswick, a deficiency area, had 22.6 cows per 100 people; Nova Scotia, a deficiency area, had 15.9 cows per 100 people; Alberta, Manitoba, Saskatchewan, surplus areas show the figure for Alberta is 38.4 cows per 100 people; Saskatchewan 36.7 cows per 100 people; Manitoba 35.9 cows per 100 people; Prince Edward Island, 45.7 cows per 100 people. The average for all of Canada was 29.4.

By Mr. Harkness:

Q. Those are dairy cows?—A. Yes, dairy cows, as of the 1st of June, 1947.

Q. Those figures do not include beef cattle?—A. No.

By Mr. MacInnis:

Q. Can you give the figure for the number of cows per 100 persons in Quebec and Ontario again?—A. Ontario, 30; Quebec, 30.1.

Q. How do you account for the large shortage?—A. You mean the shortage of butter in Ontario?

Q. Yes.—A. There are several reasons for that. Ontario produces 72.26 per cent of the cheese produced in all of Canada last year.

Q. Oh, that is it.—A. Ontario produced enough cheese last year to supply their own requirements on average disappearance of 21.2 million pounds, and out of 67.8 million total, exports to the United Kingdom were about 56,000,000; or, in other words, Ontario produced enough cheese last year to supply all required for the United Kingdom except 11.1 per cent.

By Mr. Monet:

Q. Now that you are talking about cheese may I ask this question: What influences the production of cheese as compared to butter?—A. It is the return to the producer. Where the producers have an option as to which way they go, and this ratio of 2 to 1 in the price has been mentioned freely here, that is reasonably correct; and there are other reasons than monetary returns for diversion from one to the other. It may be the value placed on the skim milk on the farm for feed purposes. The creamery usually supplies the cans thoroughly cleaned and ready for use whereas in the case of the cheese factories the cans brought back are filled with sweet whey to the farms and the farmer's wife must wash the can and scald it. Labour is a factor. But it is a fact that when butter gets to a price which is about $2\frac{1}{2}$ times the prices of cheese or more than that there will be a diversion from cheese to butter and when it gets down around 2 cents in price or less there will be a diversion from butter to cheese.

Q. I understand there is a premium for cheese in the province of Ontario?—A. The Ontario government has during recent years been paying a premium of 2 cents per pound on all cheese produced during the time that cheese is requisitioned for export to the United Kingdom.

Q. Is there any other premium on cheese besides that 2 cents?—A. No.

Q. That is the only one?—A. That is the only one. I was thinking that was the only one—there is another premium.

Q. What is it?—A. It is the Cheese Factory Improvement Act passed by the parliament of Canada in 1939. 92 points is the minimum score for first-grade cheese. Cheese which scores the 92 points is eligible for a premium of 1 cent per pound, going 94 or more it takes an extra premium of 2 cents a pound.

Mr. HOMUTH: Mr. Monet, right here might we get an estimate of how much cheese scores under 93?

The WITNESS: I haven't got that information with me but I will be glad to file it. It is compiled.

By Mr. Merritt:

Q. Would you describe very briefly for the members of the committee the functions of the independent creamery; describe briefly the operation and function of the independent creamery?—A. I presume by independent creamery you mean privately-owned?

Q. Yes, I do.—A. The privately-owned creamery receives milk or cream, and it is usually cream, from the producer of the milk or cream, churns it into butter, makes the butter. Usually the privately-owned creamery purchases the cream outright from the farmer on a basis of a fixed price per pound of fat—sometimes that price is not fixed until the close of the payment period.

Q. Will you excuse me if I interrupt you there? Would you tell the members of the committee whether it is the price of butterfat that will set the price

of butter, or whether it is the price of butter that sets the price of butterfat?—A. It is the price of butter that sets the price of butterfat. The creamery buys the cream on a fat basis, churns the butter, makes the butter and pays the farmer. Ownership of the butter is vested in the creamery which has bought the cream, that is the raw material it is manufacturing, it manufactures the butter and it becomes his product.

Q. You mean the farmer gets paid for his butterfat from the creamery and whatever profit there is goes to the management?—A. Correct.

By Mr. Johnston:

Q. And the price paid by the creamery to the farmer depends on the price of butter?—A. Absolutely.

Q. And the price of butter has a very direct effect on the price the creamery pays to the farmer for his butterfat?—A. Yes.

Q. That is probably what you meant when you stated that the price of butterfat was determined by the price of butter?—A. Exactly.

By Mr. MacInnis:

Q. Mr. Chairman, would the witness define more clearly what is meant by the independent or private creamery? Is there any distinction there as between them and co-operative creameries?

Mr. MONET: I was just coming to that.

Mr. MACINNIS: All right.

By Mr. Monet:

Q. Now, Mr. Singleton, would you describe for the benefit of the committee—I understand that in addition to the independent creameries there are also what are known as co-operative creameries?—A. That is correct.

Q. Would you briefly describe their operation?—A. The cream is received by the co-operative creamery as by the privately-owned creamery. It is churned into butter and butter is marketed and the money is apportioned among the producers from whom the cream was received. Sometimes the co-operative creameries will pay the same price as the independent creameries, they may or may not pay the producer a dividend at the end of the year based on operating profits. The main difference between privately-owned creamery and the co-operatively-owned is that the butter, the manufacturer of the product, is property of the owner in the privately-owned creamery, whereas in the case of the co-operative the butter is owned, ownership of it is vested in the ones who provided the cream; and they can control the selling policy, and they get the total returns from the sales of butter less the cost of collection of cream, the cost of manufacturing the butter, depreciation and that sort of thing.

Q. What would you have to say about the functions of the specialized butter wholesaler?—A. What do you mean by that?

Q. The wholesaler of butter, one who does not manufacture any butter but purchases butter and sells it to the retail trade, like Canada Packers for instance or like Swift's.—A. The specialized wholesaler, by that do you mean the wholesaler who does not manufacture it. Canada Packers do manufacture butter in Montreal, you know.

Q. Yes, but they also buy and sell it, and Swift's too. —A. Yes.

Mr. WINTERS: Have you the brokers?

Mr. MONET: Yes, I am coming to the brokers a little later on. I would like to give members of the committee a picture of the specialized functions of the butter wholesaler.

The WITNESS: The wholesaler, as apart entirely from the manufacture of butter; the wholesaler buys butter, he usually has his own premises for storing it, he sometimes rents space in a public cold storage warehouse. He buys the butter and makes it into prints, he usually buys it in solids, 56-pound solid fat; and he may cut it into prints and sell those prints to the chain store, the small independent grocer and so on; and he may sell solids in car lots or important quantities to others who cut butter into prints to serve retailers. The printing of butter and the sale of prints on the part of the wholesaler may be a major part of his business but I think that ordinarily it is a minor part and would be preceded in importance of volume by the sale of solids to others who in turn serve the retailers.

By Mr. Monet:

Q. Now, would it be correct to state that the butter wholesaler buys most of his butter on the Montreal commodity exchange?—A. I cannot answer that, Mr. Monet. I should rather doubt the accuracy of that.

Q. Do they not do most of their buying on the Montreal commodity exchange?

The CHAIRMAN: I must confess that I would like to get the question you put just before that.

Mr. MONET: The question was if the witness could tell us whether the butter wholesaler would buy most of his butter on the Montreal commodity exchange.

By Mr. Monet:

Q. And your answer to that is?—A. I cannot answer that. I think that might be obtained from a wholesaler when he is giving evidence.

Q. Would you think he would buy part of his butter from the exchange?—A. I would fancy most of the wholesalers in Montreal might. I am not so sure about those located in other cities.

Q. Would you know about the functions of the Montreal commodity exchange?—A. Well, butter is traded there, butter on spot is sold and traded in; butter to arrive is traded in—I would interpret that as arriving within two or three days—and butter futures are traded in.

Q. Am I understand, Mr. Singleton, that most of the trading to which you referred in your evidence last night at adjournment would be done on the commodity exchange by the wholesalers?—A. Not necessarily.

Q. But quite a part of it would be?—A. Well, the commodity exchange is an important factor in fixing the price.

Q. That is what I am driving at.

The CHAIRMAN: What is that last answer?

Mr. MONET: The commodity exchange is a great factor in fixing the price of butter.

By Mr. Monet:

Q. Would that be right?—A. Yes, I think that is right.

Q. Now, does the exchange fulfill a useful function?—A. I would say it does, yes.

Q. In what way?—A. Well, it brings buyers and sellers together and the transactions are published, the result of the transactions; there is more or less open trading. Starting back about I think 1918 probably the Co-operative Federee of Quebec started holding auctions, butter auctions, twice weekly on the Montreal Board of Trade and those were reported and were an important factor in fixing the price throughout all of Canada. It was so-called open trading, but the buyer took delivery physically of the butter. The butter was on spot and delivered to the buyer.

By Mr. Winters:

Q. Would you say that the process is one of setting prices rather than actual trading?—A. I would not say it is, rather it is a case of striking a bargain, if you like.

Q. You spoke in terms of fixing a price.—A. I perhaps was unfortunate in the term I used. Butter is offered at a certain price. People bid on it and finally a price is reached which is satisfactory to buyer and seller and the transaction is made.

Mr. MONET: And that buying, of course, would be the cause of a rise in prices?

The WITNESS: It might be, it would if the bidding was at higher levels than previously.

Mr. HOMUTH: But if the supply of butter was heavy, if there were a surplus, it would have the opposite effect?

The CHAIRMAN: Would you permit counsel to proceed? He is going to follow that up.

By Mr. Monet:

Q. I was just going to follow that up. Now, if the supply would not be the demand would not that commodity exchange be a great factor because of the way in which they conducted their transactions, would it not be a great factor in causing a rise in prices?—A. Well, those desiring to buy would presumably increase their offers in order to secure their requirements.

Q. I understand that last fall, all through from the month of June to the end of the year, there was an apparent shortage, was there not?—A. Quite true.

Q. And the price of butter did rise to a considerable extent during that period?—A. That is correct.

Q. Now, Mr. Singleton, are there possibilities of abuse through the operation of the commodity exchange?—A. I think there might be, yes.

Q. Would you give members of the committee some explanation of that answer?—A. Well, the commodity exchange facilitates dealing in butter by people who have no trade requirements at all. Anyone who wants to can go to a broker who is a member of the exchange and have him buy a futures contract for him—that is usually 400 boxes of butter—and the buyer would pay usually about \$1,000. The price at which that futures contract is negotiated covers the cost of carrying the butter through to the delivery date. For example, you buy in June or July butter for delivery in January, February or March. And the price at which the butter is purchased covers the storage charges, the insurance on that butter from the time of purchase to the date of delivery; and it also protects the purchaser against a drop in grade. That is not a very serious risk but it does happen occasionally that butter put away as first grade comes out of storage as a lower grade deteriorating in storage. Now, if one buys a futures contract for the delivery of first-grade butter and the seller has put that butter away to protect his sale and if when he comes to deliver that butter the grade is lower than the grade he has sold he must get other first-grade butter to deliver against the contract.

Mr. JOHNSTON: Is that butter always in existence when trading in futures. If not in storage does it actually exist?

The WITNESS: I do not know about that. If I may just finish: This purchase and sale of futures is very useful in some instances. For example, there might be a large creamery which has quite high a trade with retailers and a jobber in some cases who does the printing of butter for the retail trade may want to protect his winter requirements and to do that he buys futures and he can regulate his supply and have the delivery of that butter come along to him as he anticipates he will require it.

By Mr. Monet:

Q. I understand that these futures contracts to which you have been referring can be purchased by anyone even people who are not in the butter trade?—A. I think so, if they have the money to pay the deposit on it.

Q. Would not that be a cause or a factor in making the demand larger and in that way increasing the price of butter?—A. If the buyer had no trade requirements, yes.

Mr. BEAUDRY: Might I ask a question?

Mr. MONET: Just a moment, please.

By Mr. Monet:

Q. What percentage of people who are not in the trade would buy through the commodity exchange?—A. I have no information that anybody did, but the possibility remains.

Q. Would you think that some people would buy through that system?—A. It has been rumoured. I do not know. I have no knowledge of it.

The CHAIRMAN: There is no doubt about that, there are lots of cases of that kind.

By Mr. Monet:

Q. Now, coming to the brokers, the last of the group, would you describe the functions of the broker?—A. The function of the broker is to act as a medium between a seller and a buyer. He has an order from a buyer to buy, or he may have an order to sell. In the first case he goes out and buys butter to the order of his buyer and in the other case he goes out and tries to find a buyer for the man who wants to sell. He gets a commission on his operation. Usually in proper brokerage transactions the broker does not handle the product at all.

Q. But he would work on a commission basis?—A. He would work on a brokerage basis, yes.

Q. He would do his trading on the Montreal commodity exchange I presume?—A. He might, I presume. Yes.

Mr. PINARD: What is the usual commission paid to brokers?

The WITNESS: I do not know. I could not answer that.

Mr. IRVINE: You will be having the brokers here in due course, I presume.

Mr. MONET: Yes.

Mr. BEAUDRY: You mentioned a moment ago that anyone can buy butter futures on the market. Could you tell us how much money such a buyer is required to put up in the way of deposit?

The WITNESS: I understand it is \$1,000 for a contract for 400 boxes of butter.

Mr. BEAUDRY: Could you give us that in relation to the value of the butter at a price of 60 cents?

The CHAIRMAN: I think the witness already gave that information.

Mr. MONET: I think it is something we should have on the record.

Mr. HOMUTH: I think he said that \$1,000 would buy 400 boxes of butter.

The WITNESS: What is the question again, please?

By Mr. Beaudry:

Q. What is the amount of the deposit required?—A. Well, \$1,000 for 400 boxes, that is \$2.50 per box, and there are 56 pounds in a box; a little over 4 cents per pound, 4.5 cents.

Q. Somewhere between 10 and 15 per cent, depending on the price of butter—no, it would be between 7 and 10 per cent.—A. I am advised that it

varies with the value of the butter. The rules of the exchange are not familiar to us. We are not members of the exchange. I suggest that someone more competent should be asked that.

Q. Roughly, based on your answer, would say that 10 per cent would be a fair figure for our immediate purposes?—A. Well, according to my calculation it would hardly be 10 per cent.

Q. No, not on butter at 67 cents a pound.—A. This figure would be 10 per cent on 45-cent butter.

The CHAIRMAN: We will be calling witnesses on that?

Mr. MONET: Yes, there will be witnesses from the exchange called.

The CHAIRMAN: Did you have some other questions, Mr. Beaudry?

Mr. BEAUDRY: But I do not know whether I should put them to this witness or not.

The CHAIRMAN: They were based on the tables?

Mr. BEAUDRY: Yes, they are based on these tables, and I arrive at certain figures which do not look just right to me. Perhaps I should refer them to our accountant for verification. They deal with the production and utilization of butter. According to Table 2, the total butter production in 1947 was 349,145,000 pounds. It also shows that we required for use or consumption 47.3 per cent of the total production of milk—17,214 million pounds. In 1947, the total production was 328,194,000 pounds and that required 45.1 of the total production of milk, which was 6,937 million pounds. In both cases we arrive at an approximately similar consumption of milk per pound of butter—20.3 and 20.2—23.2—but when I try to arrive at the difference in flow in pounds of milk between 1946 and 1947 and the difference in pounds of butter, I arrive at a figure of 24.04, which I cannot explain. Perhaps my figures are wrong. That is why I say that perhaps I had better ask our accountants to check on them; because it appears to me that by using these figures we arrive at an increased production of butter in 1947 as against 1946 and apparently it required a greater use of pounds of milk per pound of butter than is the answer given by dividing butter or milk into the butter for 1946 and 1947—a difference of somewhere around 4 per cent. That is why I thought I should bring it to the attention of our accountants.

The CHAIRMAN: We will have the accountant take a look at that. Now have you any more questions, Mr. Monet?

Mr. MONET: No.

By Mr. Lesage:

Q. I would like to know, as I asked previously, how many pounds of first grade cheese are obtained from 100 pounds of milk?—A. Well it differs, depending on the fat content of the milk.

Q. What is the average?—A. Oh, it is about 8.8 pounds of cheese per 100 pounds of milk.

Q. 8.8 pounds?—A. Yes, 8.8 to 9 pounds.

Q. And the balance of the 91 pounds of milk is whey?—A. Whey, yes.

Q. How much is whey worth? Is there any known worth for it?—A. Mr. McCubbin could perhaps answer that better than I can. Some people value it at a very low figure. There is a considerable amount of whey being sold for the production of lactose which is in turn used in the production of penicillin. There is a plant at Cornwall, Ontario, drying whey.

The CHAIRMAN: Do you want to be sworn and tell us about this, Mr. McCubbin?

Mr. McCUBBIN: I would call it no good at all.

The WITNESS: Those people sell it, I believe, for around 3 cents a gallon.

Mr. McCUBBIN: That is something new that has turned up.

The WITNESS: Yes, but they are not paying nearly as much as they were when they started. During the war lactose was urgently needed to produce penicillin for war purposes.

By Mr. Lesage:

Q. This whey is used for feeding hogs, is it not, as well as skim milk?—A. Skimmed whey is frequently fed to hogs.

Q. I did not get that.—A. After skimming it is frequently fed to hogs.

Mr. WINTERS: I would like to ask just one more question. Is there any sizeable production of cheese in the maritime provinces?

The WITNESS: It is relatively unimportant. There is none of importance in Nova Scotia. The production in Prince Edward Island was 476,000; New Brunswick 2,489,000.

Mr. McCUBBIN: So the farmers in Nova Scotia do not have an option of turning milk into cheese.

The WITNESS: They did not seem to want the option. There were a lot of cheese factories down there at one time but they have all passed out of existence.

The CHAIRMAN: Well, thank you very much, Mr. Singleton.

John Seeman Turnbull, General Manager, The Saskatchewan Co-operative Creamery Association Limited, sworn.

By Mr. Monet:

Q. Would you please give the committee your full name?—A. John Seeman Turnbull.

Q. Your address?—A. 154 Angus Crescent, Regina, Sask.

Q. Your occupation?—A. General manager of the Saskatchewan Co-operative Creamery Association Limited.

Q. Where is your head office?—A. Regina, Saskatchewan.

Q. You have been general manager for how long?—A. Since mid-summer 1942.

Q. Would you kindly outline, for the benefit of the committee, the nature of your organization speaking from the standpoint of the co-operative set-up, and dealing among other things with the number of members, the patrons, the conditions upon which butterfat is purchased, the basis for payment, what factors establish the price paid for butter; what percentage of the total butter is produced by your organization in Canada, in the three prairie provinces, and in Saskatchewan? That is a general question that I am asking the witness but I will break it down later item by item. I give it that way for the benefit of the members of the committee who will know what I am trying to establish. Would you first outline the nature of your organization from the standpoint of the co-operatives?—A. Mr. Chairman and gentlemen:

The Saskatchewan Co-operative Creamery Association Limited, and/or its predecessors in an operating sense is older than the province of Saskatchewan as such, and its history and development to a considerable degree is indeed that of the dairy industry in Saskatchewan.

The organization as operated today was made possible by a special act of the provincial legislature which became effective April 1, 1939. It has since complied with all of the requirements of the Saskatchewan Co-operative Marketing Association's Act, and is registered thereunder. We operated under a provincial government appointed board to the spring of 1946, and since that

time have operated under a member-elected board. The membership fee is \$3 upon payment of which the patron shares in the earnings of all departments patronized on a product shipped basis. We have received shipments in a single year from over 95,000 individuals with our paid-up membership at present involving approximately 85,000 producers. All active paid-up members have the right to vote in the election of delegates, for which purpose the province is divided into ten geographical areas each of which is sub-divided into six smaller areas. The six delegates elect one of their number a director, providing a total of ten directors for the province. The ten directors elect one of their number as president, another as vice-president, and the board guides and directs the association's affairs. The association by-laws require not less than four full board meetings, and three executive meetings each year. The delegate body of 60 meet in annual meeting once each year. The association's assets are exclusively owned and controlled by its producer members at the present time.

The Saskatchewan Co-operative Creamery Association Limited accepts dairy and poultry produce from patrons, processes and markets the same allocating the earnings, if any, in each business year according to the product shipped.

The association's physical assets with the exception of a small and now closed warehouse located at The Pas, Manitoba, lie within the province of Saskatchewan, where during the year 1947, we operated 30 combined creameries, poultry and egg plants. Associated with these plants we conducted a pasteurized wholesale and retail milk and cream business at 15, manufactured ice cream at 5, a hatchery at one plant, and maintained limited storage facilities at 7 plants. With one exception all plants are equipped with mechanical refrigeration facilities of sufficient capacity to satisfactorily serve our needs under pre-war railway minimum carlot shipping weights. These facilities are generally so located throughout the province as to serve the needs of members without entailing what might be viewed by some as uneconomic overlapping under immediate past production conditions.

The number of the association's plants has varied considerably from year to year since April 1, 1939, in which year we were operating only 21 creameries in the province. The additions and/or deletions in plant facilities should be taken into account in appraising the association's earnings or production picture in any one year.

The manufacture of creamery butter was the major departmental operation of the association down through the years, although it should be recorded here that we are at present large handlers of eggs and poultry, and distributors of pasteurized milk and cream manufacturers and sellers of ice cream within the province.

The Saskatchewan Co-operative Creamery Association Limited has manufactured approximately 50 per cent of the Saskatchewan creamery butter output since 1945. Saskatchewan has been the third largest butter-producing province in each of those three years, and as a larger percentage of the total make is surplus than in either Manitoba or Alberta, our production is significant, and more so during years of short or near short supply.

Practically all creamery butter manufactured in Saskatchewan is made from butterfat coming forward for processing in the form of separated cream, thus leaving the skim milk in the hands of the producer on the farm. Our members and patrons ship cream which is paid for on a grade and butterfat price basis, and subject to a grade problem peculiar to Saskatchewan, producers receive the same price for the same grade on the same day. Our prices in all cases but one are net the producer. Thus the transportation cost is pooled. This program is followed to build up voluntary opposition to uneconomic duplication of creamery facilities.

The association pays for all butterfat received daily, using what we are pleased to call the open market as a basis. In other words our grade prices are

based on the major surplus creamery butter markets in Canada which from our point of view are located in British Columbia, Ontario, Quebec and the maritimes, and for trading purposes centre in Vancouver, Toronto and Montreal. These markets do not move up or down in complete harmony due to varying production conditions, so that we are constantly seeking the most attractive markets and adjusting prices to producers accordingly, or at least to the extent that competition permits. With the market known we work back from the market price and having in mind production trends, freight rates and our own manufacturing costs, we arrive at a producer price. We endeavour to maintain an operating spread of not less than $\frac{1}{2}$ cent per pound of butter made and not more than 1 cent per pound. We do not deliberately seek a wider margin as to do so would foster operating problems that are just as embarrassing to the association as a small earning. The price spreads between grades are controlled by provincial statute and together with the seasonal variations in the quality or grade of cream which is likely to be received must be taken into account.

The factors primarily responsible for establishing the producer butterfat price are: The Canadian open market—namely, Vancouver, Toronto, Montreal; production trends which have a very important bearing on manufacturing costs; the season of the year and its effect on quality, which alters the average price and the competitive factors that may prevail within the province for the time being.

The Saskatchewan Co-operative Creamery Association Limited production ranged from 4.4 per cent in 1940 to 6.8 per cent in 1944 and 1946 of the total creamery butter produced in Canada. The association's butter production ranged from 13.6 per cent in 1940 to 19.7 per cent in 1946 of the total creamery butter produced in the three prairie provinces. Our creamery butter production ranged from 40.6 per cent in 1940 to 50.8 per cent in 1947 of the total creamery butter produced in the province of Saskatchewan.

The association maintains a sales force of its own within the province and sells to members, stores, etc., at a price related to the open market price with the objective of obtaining the same net return as on surplus which is the substantial percentage of our output. We maintain our own surplus selling agency at Regina and sell through competitive brokers in all major centres of Canada. A small percentage is sold direct to distributors at certain points where suitable brokerage facilities are not available. We are not members of any produce exchange and have not to the present time used such facilities either directly or indirectly. We require our brokers to advise us regarding the name of the purchaser of any carlot of butter, as we believe this course to be helpful in maintaining the most satisfactory sales outlets.

Q. Now, Mr. Turnbull, would you stop there for a moment and give us a little bit more information about the factors which enter into the consideration of a set price paid to the farmers for butterfat. I understand from what you have said you pay a price for butterfat to the farmer as they deliver you the cream?—A. That is correct.

Q. Would you tell the members of this committee what is the basis of determining the price to be paid to the farmer?—A. As pointed out in the brief statement we start with the open market price, east and west, whichever happens to be the higher, from our point of view. The province of Saskatchewan is located in the western freight zone and, all other things being equal, our products in Saskatchewan would normally be shipped to British Columbia. The division of the freight rates is approximately the Manitoba-Saskatchewan provincial boundary so we have to keep fully informed with respect to eastern and western markets, our objective being to return the highest possible price to our members. We naturally operate on the most attractive market. With that idea determined we work back. We have our operating records over a period of years; we know our manufacturing costs per month based on a fixed production; we know pro-

duction trends within the province; we know fairly accurately the current increases in operating costs; we know the percentages of grades of cream bought—there are five in the province of Saskatchewan. Through all those factors sir we make provision for a $\frac{1}{2}$ cent operating margin and not more than 1 cent margin per pound of butter. We eventually arrive at what looks like a fair price based on the market for that date and we repeat the process every time there is from our point of view a significant change in the market.

Q. Do I understand from there on the butter you do manufacture belongs to the co-operative and not to the farmer any more?—A. Everything we do belongs to our members at all times.

Q. But you do manufacture butter do you?—A. As a co-operative we process cream into butter for our members—for the members.

Q. But you have already paid the price on delivery for the butterfat delivered to you?—A. What we call the daily market price, yes.

Q. Which price you arrive at as you have just stated?—A. That is right sir.

Q. And from there on you manufacture butter and sell butter to the prairie provinces and throughout Canada? Is that correct?—A. In a broad sense, yes.

Q. Would you have some information to give to the members of the committee as to the way that you dispose of your butter?—A. We maintain our own sales force, sir, within the province. A varying percentage of our production is marketed within the province itself. That percentage has increased to approximately 20 per cent of the total. I have exact figures somewhere but approximately 20 per cent of our total output—I will say between 20 and 30 per cent of our total output—is sold within the province and the balance is sold in car lot quantities almost exclusively to some market other than in the province of Saskatchewan. It is shipped to British Columbia, Ontario, Quebec and the maritimes. Very little butter is traded in or sold to the other two prairie provinces in so far as our organization is concerned.

Q. And is it not a fact, Mr. Turnbull, that western butter, No. 1, did command a premium over No. 1 eastern butter during the last summer?—A. That is very definitely correct, sir.

Q. Would you tell the members of the committee why that is so?

Mr. JOHNSTON: They are better farmers.

The WITNESS: Well, the statement "did command a premium" has to be qualified a little bit to begin with.

Mr. MONET: Well, give your explanation.

The WITNESS: In the beginning, that is referring to the period from June 9 which I believe was the last effective date of price controls, to mid-July, the Vancouver market as a result of their early spring experience and the fact that they were without butter for a period of three to six weeks, was at a much higher level than was the eastern market. Of course during that period we sold our butter on the British Columbia or the Vancouver market. That information was relayed east and if we had made sales east at that time—which was not the case—they would necessarily have been made at a higher price than was then prevailing in Toronto or more particularly Montreal. I think possibly that for storage purposes the trade generally views western butter, not Saskatchewan butter in particular but western butter, as a more suitable product for long-term holding. I do not know that it is necessary to go into details because I am quite sure there is a lot of very fine butter made in the eastern provinces. I simply express it as an opinion that western butter will keep a very long period. The reason we have to make good butter is because we have a large percentage of surplus and we must make a product that is most attractive to buyers who are buying it for storage purposes.

The CHAIRMAN: You have heard of Ontario butter being very good, have you?

The WITNESS: Oh, yes, quite.

The CHAIRMAN: I just did not want to overlook that.

Mr. HOMUTH: I was all ready for him.

By Mr. Monet:

Q. Is it your policy to sell the butter as soon as it is manufactured, or do you hold it for a while?—A. Generally speaking, sir, our policy is to sell the butter within six weeks of the time it is manufactured. We have of course, as I indicated in my earlier remarks, certain minimum storage facilities of our own. If in our opinion free selling, or dumping, or anything of that kind, would undoubtedly depress the market we are inclined to withhold a certain percentage of the production at that time, rather than to create a situation which would not only work out to the disadvantage of our members but to the disadvantage of the producers generally throughout Canada. Our policy is quite flexible but we do not pretend over a long-term period to store, to hold what might be viewed as large stocks of creamery butter, a million and a half pounds of creamery butter in our hands at any time; which means that we pretty nearly have to have a working stock of $\frac{3}{4}$ million pounds. That would just about represent our peak holdings, which would mean that about $\frac{3}{4}$ million pounds might be viewed as being in storage at any particular time.

The CHAIRMAN: Does that answer your question? I do not understand that answer. You say that $\frac{3}{4}$ million pounds would be the most in storage at one time?

The WITNESS: A million and a half would be our total holdings, and usually $\frac{3}{4}$ million pounds should be viewed as working stock. We have 30 plants and we have to hold when the minimum freight rate requirement applies 40,000 pounds per plant before we can ship a carload, and that gives you 1,200,000 pounds.

Mr. MONET: Just a minute, that is what you have to hold in store?

The WITNESS: During the summer months since the mid-war years we had to have 40,000 pounds before we could ship east of Fort William. We were required to have only 30,000 pounds to ship west to British Columbia. So if you take the lower figure and make a reasonable allowance for the change—you don't have 30 cars at one time, they work in different slots—we have $\frac{3}{4}$ million pounds or more of butter still outside the market because we haven't got a carload lot at any one plant.

Mr. HOMUTH: Is that regulation still in force in regard to the car weights?

The WITNESS: It was temporarily eased here about January 19. I do not quote that as exact. Some time in January we obtained permission freely now to ship 20,000 pound lots east.

The CHAIRMAN: But a million and a half pounds is enough for the purpose of covering your 27 units?

The WITNESS: 30 units.

By Mr. Monet:

Q. In 1947, you had 30 units?—A. That is correct.

Q. And in 1946?—A. Yes.

Mr. MONET: Mr. Chairman, we will come back on this this afternoon.

The CHAIRMAN: We will meet again at 4 o'clock.

AFTERNOON SESSION

The committee resumed at 4 o'clock p.m.

The CHAIRMAN: Order. Generally, Mr. Monet, we were at the point I think where the witness had told us they had a million and a half pounds maximum for their 30 units, is not that right?

Mr. MONET: Yes, and a minimum of three-quarters of a million.

John Seeman Turnbull, General Manager, The Saskatchewan Co-operative Creamery Association Limited, recalled:

By Mr. Monet:

Q. Would you care, Mr. Turnbull, to give more information to the members of the committee about this million and a half pounds of butter you referred to and the three-quarters of a million of pounds which you referred to?—A. It is a point to bear in mind that approximately 75 per cent of our total output is surplus, therefore it clears in what we commonly refer to as carload lot quantities during the summer months and continuing until recently into January. If we ship east of Fort William we are required to have 40,000 pounds minimum per car of butter. If we ship west of Vancouver we are required to have a minimum of 30,000 pounds.

Mr. MAYBANK: Excuse me just there; what about in a car, what proportion of a car would that be?

Mr. JOHNSTON: A full load.

Mr. MAYBANK: It is not a full load.

The WITNESS: It is the minimum load we are permitted to ship.

By Mr. Maybank:

Q. Yes, but what is the capacity of these cars?—A. They are refrigerator cars and the capacity varies. I could not tell you, sir.

Q. I see. Quite a deal less than a normal car, 40,000 pounds; I wonder what that figure would be.—A. Excuse me, sir, it is double the prewar minimum car.

Q. Is it?—A. Yes, it was 20,000 pounds.

Q. But the capacity would be larger than that?—A. Oh, yes.

Mr. MAYBANK: That is what I had in mind.

The WITNESS: What I wanted to make clear in respect to that was this, that with 30 units and selling 75 per cent of their entire make in carload quantities you could have 1,200,000 pounds of butter on hand in the province without having any butter that you could move. That is the possibility. It is extreme. On the other hand, the more normal figure, because half of your units would be somewhere between nothing and half a car whereas the others would be between a half a car and up, the more normal figure would be 750,000 pounds. That is the explanation of the 750,000 pound figure, that under normal summer production conditions it is extremely difficult in most places to reduce our stocks of butter within the province below that figure.

Mr. JOHNSTON: And that amount would be spread over the province with the different creameries?

The WITNESS: The 30 creameries, that is capacity stock.

Mr. IRVINE: What would you have by way of normal stock at the present time of the year, 750,000 pounds?

The WITNESS: No, I was coming to that.

Mr. MAYBANK: That is summer conditions.

Mr. IRVINE: Yes

The WITNESS: That is the summer situation. In the wintertime when production is lower you might get down to half a million pounds. That is approximately what we consider our minimum position although our records which will come before you will indicate that on occasions down through the years we have been actually below that figure, but not very much.

Mr. MAYBANK: Mr. Turnbull, is this another way of putting that?

Mr. IRVINE: A little louder, Mr. Maybank, please.

Mr. MAYBANK: I beg your pardon.

By Mr. Maybank:

Q. Is this another way of putting that? You have, we will say, 750,000 pounds divided into 30 places and the reason that you have no butter for export is that there would be a little bit here and there and you could not measure that up into carload lots without first of all having a special assembly place?—A. That is correct.

Q. Or else waiting until there is still more production so that the various of the 30 units will be able to make deliveries measuring carload lots. Is that the situation?—A. That is correct.

Mr. IRVINE: And so to assemble it would be uneconomical, would it?

The WITNESS: That is right.

Mr. MAYBANK: Uneconomical as applied to each of the 30 units. You cannot do that without putting it in from the various places and assembling it.

Mr. LESAGE: But at the end of March or the beginning of April would the stocks be doubled by half a million pounds?

The WITNESS: You might be able to do that at a particular point if you planned well in advance and if you held back butter deliberately so as to have a car of butter available for shipment at the end of a given month. You could in that way get your stocks on hand down to 200,000 pounds, but in order to do that you would have to start many months back in the year so you would have that much butter on a given date. Otherwise, it could not be done.

Mr. LESAGE: Even if there is an acute shortage of butter in a given year in either British Columbia or the Maritimes say at the beginning of April it would not be possible to do that unless special consideration was given by you to accumulating it?

The WITNESS: We have special accommodation now in that we can ship 20,000 pounds.

Mr. LESAGE: Oh, you have that now.

The WITNESS: I mean the industry has it.

Mr. LESAGE: Yes, that is what I mean.

The WITNESS: Yes.

The CHAIRMAN: I was wondering if counsel is proposing to establish some sort of measurement. We now know the accumulation of surplus of this particular co-operative, I mean as to the quantity they must have on hand, and we will want to judge that surplus in the case of other groups by the same standard. Do you hope to be able to establish that in any way, Mr. Monet?

Mr. MONET: Well, Mr. Chairman, I am going to file shortly, when I reach the question, the information required from Mr. Turnbull as to the holdings of butter and the production of butter for the years 1939, 1940, 1943, 1944, 1946 and 1947; and this exhibit will then be referable at a later date when we examine other witnesses whom I have requested to give us the same information, so that will facilitate a comparison between the figures filed by this witness and those filed by others who will be coming before the committee.

The CHAIRMAN: That is fine.

Mr. IRVINE: Would not the nature of the co-operative association be such that they would naturally have more butter on hand than an ordinary private corporation; I mean, their set-up demands it, does it not?

The WITNESS: I would not say so.

Mr. IRVINE: Except for the fact that you have units all through the province which a private corporation might not have, in which case they would not have the same reason for holding large stocks.

Mr. WINTERS: That is not essentially inherent to a co-operative though.

Mr. IRVINE: Except that they have the organization.

Mr. MACINNIS: They would have to have the same sized organization.

Mr. IRVINE: I agree to that, but they likely would not have that.

Mr. MONET: Now, Mr. Turnbull, I was coming to this other part of your evidence. You have a statement here showing the percentage of total butter produced by your organization in the three prairie provinces and more particularly in Saskatchewan. I think this is the proper time to file that statement as an exhibit. I refer to the statement which you were requested to prepare for use of the committee and which you have prepared. I will file that as Exhibit 56.

EXHIBIT No. 56: Buttermake and other butter statistics—Saskatchewan Co-operative Creamery Association.

SASKATCHEWAN CO-OPERATIVE CREAMERY ASSOCIATION

BUTTERMAKE

	Saskatchewan	Saskatchewan Co-operative	Percentage Co-operative to total
1940.....	28,307,000	11,572,295	40.8
1941.....	37,127,000	15,078,693	40.6
1942.....	41,306,000	17,152,143	41.6
1943.....	47,721,000	19,829,742	41.6
1944.....	48,264,000	20,281,148	42.0
1945.....	41,074,000	20,048,418	48.8
1946.....	37,205,000	18,465,677	49.9
1947.....	36,100,000	18,343,396	50.8

SASKATCHEWAN CO-OPERATIVE

	Make	Local sales	Percentage Co-operative sales outside of Province
1940.....	11,572,295	2,168,212	81.3
1941.....	15,078,693	2,189,544	85.5
1942.....	17,152,143	2,604,129	84.8
1943.....	19,829,742	3,364,271	83.0
1944.....	20,281,148	4,008,294	80.2
1945.....	20,048,418	4,688,866	76.9
1946.....	18,465,677	5,149,063	72.2
1947.....	18,343,396	5,079,772	72.3
	Buttermake prairies Percentage of Canada	Saskatchewan Co-operative Percentage of prairies	Saskatchewan Co-operative Percentage of Canada
1940.....	32.3	13.6	4.4
1941.....	36.2	14.6	5.3
1942.....	38.6	15.6	6.0
1943.....	38.6	16.5	6.4
1944.....	39.3	17.2	6.8
1945.....	35.0	19.7	6.8
1946.....	34.6	19.7	6.8
1947.....	32.6	19.3	6.3

BUTTER STATISTICS, SUPPLIED BY THE SASKATCHEWAN COOPERATIVE CREAMERY ASSOCIATION

Month—	On hand first of month	Produced during month	Sales		On hand end of month	Sales Value of production	Average per pound		
			Inside province	Outside province			Total	Sales	Cost of production	Selling Margin
1939									
April.....	N.A.	441,071	155,008	N.A.	N.A.	2,270,022			
May.....	270,022	1,183,899	156,302	668,446	824,748	629,173			
June.....	629,173	1,846,455	182,237	1,356,911	1,539,148	936,480			
July.....	936,480	1,790,197	182,553	1,229,722	1,412,272	1,314,402			
August.....	1,314,402	1,483,623	204,043	778,734	982,777	1,815,248			
September.....	1,815,248	1,102,031	266,008	1,003,589	1,269,597	1,647,682			
October.....	1,647,682	842,849	165,783	568,511	734,294	1,756,237			
November.....	1,756,237	527,366	140,939	567,518	708,457	1,575,046			
December.....	1,575,046	434,387	148,569	243,115	391,684	1,607,749			
(Year 1939—9 months only)									
1940									
January.....	1,607,749	417,608	146,252	763,087	909,319	1,116,038			
February.....	1,116,038	408,099	154,996	460,770	615,766	908,371			
March.....	908,371	477,813	187,851	758,777	946,628	439,556			
April.....	439,556	623,521	184,341	342,362	526,703	536,374			
May.....	536,374	1,143,809	158,716	869,939	1,028,655	651,528			
June.....	651,528	1,798,098	155,834	1,274,436	1,430,270	1,019,356			
July.....	1,019,356	1,948,662	186,232	1,140,593	1,326,830	1,641,188			
August.....	1,641,188	1,626,817	202,910	1,229,642	1,432,552	1,835,453			
September.....	1,835,453	1,063,477	238,931	900,893	1,139,824	1,759,106			
October.....	1,759,106	914,729	225,329	743,499	873,457	1,705,007			
November.....	1,705,007	602,980	163,313	710,144	873,457	1,434,530			
December.....	1,434,530	546,632	173,022	287,195	460,217	1,520,995			
Total.....	1,607,749	11,572,295	2,177,707	9,481,342	11,659,049	1,520,995			

BUTTER STATISTICS, SUPPLIED BY THE SASKATCHEWAN CO-OPERATIVE CREAMERY ASSOCIATION

Month	On hand first of month	Production	Sales		Inventory end of month	Produced	Dollar value sales	Average per pound	
			Inside province	Outside province				Production	Margin
1946									
January.....	436,790	822,702	436,057	374,042	449,393				
February.....	449,393	800,699	481,967	277,605	758,672				
March.....	491,420	980,259	406,386	433,105	839,491				
April.....	632,188	1,218,058	386,630	927,948	1,314,574				
May.....	535,668	2,005,126	386,463	1,246,452	1,632,915				
June.....	907,879	2,751,491	379,656	2,203,430	2,583,086				
July.....	1,076,284	3,005,116	391,200	2,378,656	2,769,856				
August.....	1,311,544	2,443,651	492,609	2,114,492	2,607,101				
September.....	1,148,094	1,603,187	449,889	1,068,364	1,518,253				
October.....	1,233,028	1,985,510	464,004	787,902	1,251,916				
November.....	1,266,622	573,017	425,818	398,929	824,737				
December.....	1,320,902	670,861	448,384	543,279	991,663				
Total.....		18,465,677	5,149,063	12,750,304	17,902,367				
1947									
January.....	1,000,100	747,806	443,700	570,234	733,972				
February.....	733,972	715,712	420,455	230,182	650,637				
March.....	799,047	904,408	493,898	315,179	799,047				
April.....	894,378	1,164,200	553,458	381,991	809,077				
May.....	1,123,129	1,832,669	291,127	1,137,312	935,449				
June.....	1,527,359	2,593,820	352,904	2,588,700	1,527,359				
July.....	1,179,575	2,891,891	381,955	2,136,237	1,428,439				
August.....	1,553,274	2,472,149	458,801	2,085,789	2,518,192				
September.....	1,480,833	2,037,244	427,529	1,729,629	2,544,590				
October.....	1,360,919	1,534,792	468,637	1,137,196	2,157,158				
November.....	1,289,878	813,377	416,053	658,939	1,605,833				
December.....	1,028,263	635,332	371,255	263,636	1,074,992				
Total.....		18,343,400	5,079,772	13,235,204	18,314,796			48.2	49.9
									1.7

Mr. MONET: The first page of that exhibit shows the total production of butter for Saskatchewan, that is in the second column—

Mr. LESAGE: Will you wait until we have that before us, please.

Mr. MONET: Certainly. Mr. Chairman, I think this would also be the appropriate time to file as Exhibit 57, the statement of earnings of the Saskatchewan Co-Operative Creamery Association Limited. This exhibit will work in with Exhibit 56, and I think members of the committee will find it interesting. I suggest that it be filed now as Exhibit 57.

EXHIBIT No. 57: Butter department earnings, Saskatchewan Co-Operative Creamery Association Limited.

SPECIAL COMMITTEE ON PRICES
SASKATCHEWAN CO-OPERATIVE CREAMERY ASSOCIATION LIMITED
BUTTER DEPARTMENT EARNINGS

Period	Earnings	Earnings Per Pound Cents
29 February, 1940—11 months	\$ 60,679 08	0.57
28 February, 1941—12 months	110,184 16	0.92
28 February, 1942—12 months	184,504 46	1.21
28 February, 1943—12 months	228,518 34	1.28
29 February, 1944—12 months	81,444 69	0.41
28 February, 1945—12 months	37,968 20	0.18
28 February, 1946—12 months	34,532 64	0.17
31 December, 1946—10 months	93,441 68	0.55
31 December, 1947—12 months	318,143 40	1.74

Monthly Butter Department Earnings subject to adjustment at end of business year to cover patron indexing cost and pension plan.

	1946	1947	1948
January	Loss \$ 15,184 17	\$ 1,324 97	\$ 17,124 32
February	Loss 28,434 09	Loss 20,378 33	
March	Loss 7,720 63	Loss 2,224 93	
April	27,030 52	Loss 3,575 89	
May	3,936 91	28,657 53	
June	56,020 72	108,717 87	
July	53,459 87	53,933 44	
August	14,532 06	149,310 85	
September	Loss 3,213 23	49,047 13	
October	639 49	10,945 84	
November	Loss 11,337 34	19,158 39	
December	Loss 29,794 69	Loss 50,344 33	

Mr. MAYBANK: Is there a statement here showing the location of the various 30 units of your organization?

Mr. MONET: No, but the witness could tell us that if you wish to have it. We could have it mimeographed and given out to you tomorrow.

The CHAIRMAN: I am just wondering, we are getting into evidence now which is very germane to this committee, and I presume when you call each of the witnesses you are going to produce corresponding tables?

Mr. MONET: Yes.

The CHAIRMAN: I wonder if this should not go right into the record.

Mr. MAYBANK: Oh, yes. I would recommend that. We have done that in some cases.

The CHAIRMAN: I think this should go right into the record.

Mr. MAYBANK: I think we should take it as though we had read it in right now.

The CHAIRMAN: Is that agreed?

Some hon. MEMBERS: Agreed.

By Mr. Monet:

Q. Then, Mr. Turnbull, for the benefit of members of the committee, would you explain what these figures mean on the first page of Exhibit 56?—A. The figures on the first page, at the top of the page we show the province of Saskatchewan total creamery butter production for the years 1940 to 1947. We show the poundage of butter make of our association as such, and the percentage that they are to the provincial total ranging from 40·6, as was mentioned this morning to 50·8 in 1947. In the middle section we show the make for the Saskatchewan Co-operative Creamery (it is a repetition) in each of the same years, 1940 to 1947. We show you all the butter sales within the province and the percentage of our butter in each of those years that was sold outside of the province or in carload lots—that we have also referred to. In the bottom section we show the percentage of the total Canadian butter make in each of those years made in the three prairie provinces, the percentage that our association made to that total, and the percentage that our make represents of the total Canadian butter production in each of those years.

Mr. WINTERS: Is any distinction made between winter make and summer make?

The WITNESS: No.

Mr. MONET: So that the figure 50·8 which appears for the year 1947 at the end of the third column would represent the total make by your corporation of the whole production of butter in Saskatchewan?

The WITNESS: In that year.

Mr. MAYBANK: May I ask a question there, or should I wait?

Mr. MONET: Go ahead.

By Mr. Maybank:

Q. It would appear, Mr. Turnbull, that the province of Saskatchewan over the years has been producing this butter make—that is your first column. It would likewise appear from your second column that nearly all of the increase in Saskatchewan is your own; is that right?—A. That is right. That is due in part to changes in plant facilities. We have acquired additional plants or creameries.

Q. I see. It may be common to the thirty units you now have, but if you look back over the years you can see that it would have been less. Would that not in part account for the increase that you show in your own column; and is that what you mean?—A. No. I mean for example there are 63 creameries in Saskatchewan at the present time. That figure has ruled over a number of years, I can't tell you offhand how long but quite a number of years. At one time we had 21 of these creameries. Last year we operated 30, we owned 30, so that our figures go up not so much because we are getting more production from the plants but because we control more of the plants.

Mr. IRVINE: As a matter of fact your butter make for the province is down very considerably in 1947.

Mr. MAYBANK: Well, it is up from the commencing figure. I jumped from one to the other.

Mr. IRVINE: But much larger in the middle years, 1942, 1943 and 1944.

Mr. MAYBANK: That is right.

By Mr. Maybank:

Q. Now, dealing with the question of shipments outside the province. That has dropped, your own percentage has dropped from the first year to now. Do you know whether that is peculiar to your organization or has that shipment outside of the province been kept up or taken up by those organizations which are not comprised in your own?—A. I would say, sir, that our trend is the provincial

trend for the whole industry; that is, in recent years, there has been more creamery butter consumed in the province than in the early war years.

Q. Is it a fact, then, that more consumption in Saskatchewan accounts for the drop in export out of Saskatchewan?—A. Creamery butter replacing dairy butter.

Q. Yes, in consumption?—A. Yes.

By Mr. Monet:

Q. While we are at this stage, can you give us now the number of plants or units operated by you during the years 1940 to 1947 inclusive?—A. I have that.

Q. Would you give us the number of plants for 1940, so we can write it down opposite the year?—A. 1940, 21.

Q. 1941?—A. 24.

Q. 1942?—A. 25.

Q. 1943?—A. 25.

Q. 1944?—A. 25.

Q. 1945?—A. 31.

Q. 1946?—A. 31.

Q. 1947?—A. 30.

By Mr. MacInnis:

Q. According to the total at the top, in 1947 you produced 50.8 per cent of the total production in Saskatchewan. Then, the statement shows your sales in the province are only about 27 per cent or a little better. What is the reason that your sales in the province are not in proportion to your share of the production?—A. Our competition in the industry within the province of Saskatchewan largely lies in the cities which are the larger creamery butter consuming areas. The city creameries sell a larger percentage of creamery butter in relation to the whole than do the country creameries. We have the misfortune or the good fortune, depending on how you look at it, to control a large percentage of the country creameries where creamery butter sales are not large.

By Mr. Monet:

Q. Turning to page 2 of this exhibit 56, Mr. Turnbull, I understand that there you have given the information requested for the years 1939, 1940, 1943 and 1944; that is on page 3, and for 1946 and 1947 the information is on page 4. Would you explain to the members of the committee this statement which has been filed as Exhibit 56?—A. Yes, in the first column you see the months. In the second column, the on hand, in pounds of butter on the first of the month; the third column gives the quantity of creamery butter made or manufactured during that month. Then, we show the net sales. Our within the province sales are referred to as "inside" in the form and our export sales as outside the province. In the last column we show our on hand in pounds of butter at the end of that month. That covers the columns completed on the first page.

Q. Now, taking the year 1946, Mr. Turnbull, the month of August, we see the inventory at the end of the month was 1,148,094 pounds of butter. Then, we find that the amount of butter on hand in August of 1947 was 1,480,833 pounds.

The CHAIRMAN: That is for September.

Mr. HARKNESS: It is for the end of August and the 1st of September.

Mr. MONET: I have here August, 1,480,833 pounds.

Mr. MAYBANK: Are you reading the statement for the inventory at the end of the month or the beginning of the month?

By Mr. Monet:

Q. Is that statement for the end of the month or the beginning of the month?—A. In the right hand column, it is for the end of the month.

Q. Taking the inventory for the end of the month of August, 1946, which is the last column, it shows the total on hand as 1,148,094 pounds, as compared with 1,480,833 for 1947. Would you explain the difference in the inventory on hand at that time to the committee?—A. I would first point out that the difference is not very large, involving some 300,000 odd pounds. It is less than 10,000 pounds per plant. There is a partial reason why there is that difference in the figures, and it was even more pronounced, I think, at the end of July and in June. We are a producer organization owned and controlled by our members. We are manufacturing creamery butter in a province where, under suitable weather conditions, we can grow grain very readily. Grain prices have—well, you are familiar with grain prices over the last twelve months.

As a result of, and facing the declining production which you observed on the first page, there, in 1944, there was a continuous urge to do what we could to keep our dairy production or cream production at the highest possible level. We did not view cream prices or we did not consider cream prices arising out of the butter market about August 1 as sufficiently satisfactory to protect our productive position. In other words, we were trying to bring about a situation from which a higher return might be made to the producer in the form of a daily price. That explains why, during the months of June, July and August, possibly, our stocks were slightly higher than they were in the previous year. We were deliberately withholding a small quantity of butter from the market in the hope that it might assist in working the market up to a level where a more satisfactory daily price would come back to our producers, in the hope of keeping them interested in dairy production for a longer period of time than might otherwise prove to be the case.

Q. Did you wait a long time before releasing that butter, Mr. Turnbull? You used that expression, you just said you were holding it?—A. I would say not, sir, in that during the month of September our production was in excess of 2 million pounds and we actually reduced our holdings at the end of September to 1,360,000 pounds. In other words, we sold 120,000 pounds, in round figures, more than we made during the month of September.

Q. Would I be correct in saying that you kept on decreasing your holdings until the end of the year? I mean, your holdings would keep on decreasing through that time?—A. They did not decrease very much in December.

Q. I mean, they decreased between the months of October and November?—A. In fact, they actually went up 500 pounds. Yes.

Q. I mean, your holdings at the end of the month?—A. That is right.

By Mr. Maybank:

Q. Did this holding policy have the desired effect at the time? Did the price go up?—A. It did.

Q. What was the price recorded at that time when you were holding for a rise?—A. Well, that has been submitted, I guess, in previous evidence. I am working from my own records here.

Mr. LESAGE: We have that in table 6.

By Mr. Maybank:

Q. It is probably in the evidence before the committee, but your recollection of this period when you were holding is that the operation was successful in that it did bring a higher price? Is that your recollection?—A. I would say during that period the market advanced somewhere between four and five cents a pound.

Q. It would not be entirely due to what you were holding, I presume?—A. I would not think so.

Q. Because it is only 332,000 pounds; is that not right?—A. More than the year before?

Q. Yes.

By Mr. Johnston:

Q. Did you have sales for it but just held it?—A. We could have sold it, but we held it.

Q. You held it in the hope you would get an increased price?—A. In the hope we would help work the market higher.

By Mr. Lesage:

Q. The sales you would have made at that time would have been to wholesalers who would have kept that butter in stock, for the most part?—A. That is correct; it would not have gone into consumption.

Q. It would not have gone into consumption at that time?—A. That is correct.

Q. Could I refer the witness to table 6 of Exhibit 52? I do not know whether you have seen it, Mr. Turnbull, but it is a table of retail prices—no, the Montreal wholesale price in 1947. In the last line you will see that, from July to September the price advanced 10 cents and not 5.

Mr. IRVINE: Is that Exhibit 52?

The WITNESS: Oh yes, but I was referring, sir, to August.

By Mr. Lesage:

Q. It would be 5 cents in August, but 10 cents in September?—A. Yes, as a matter of fact, this table shows it to be about 5½.

Q. 5½ cents in August and 10 cents in September?—A. Yes.

Mr. MAYBANK: I believe my question related to the figures which were for August. It would appear that you sold a little more in the next month, September and, even if the price did go up in September, it does not follow that you were getting the top prices all the time. Is that a correct statement?

The WITNESS: Our reduced stocks in September would indicate we were free sellers to the extent of our make during that month. We were not holding.

By Mr. Johnston:

Q. The only time you were holding was from May, June and July—A. June and July, in the main.

Q. Then, in August you reduced your inventory a little bit, but very definitely, I think it could be called hoarding to obtain a price. What would you say to that?—A. We would call it orderly marketing, as a producer organization.

Q. You did hold off a considerable amount in order to raise the price. I am not saying that is not the general practice, but according to the evidence here that would be the interpretation of it, would it not?—A. I doubt that we held off half a million pounds because we would first have to have three quarters of a million as our working stock. We have not got any to sell when we have that.

Q. In May, you had a working stock of 907,000 some odd pounds. Then, you increased your holdings in June to 1,076,000 pounds. Then, the next month you still increased your holdings to 1,311,000 odd pounds. You then began to sell—no, that very month you began to sell when you obtained the higher price?—A. Where are you getting those figures from?

Mr. WINTERS: You are looking at 1946.

Mr. JOHNSTON: That is true, but the same thing applies, in principle, in the year 1947.

The CHAIRMAN: Is not the significant thing that we ought to follow up at this stage the question which came out of Mr. Lesage's question and which was not followed up? The witness has said there were buyers available at this time when they were holding.

Mr. LESAGE: Yes, but I asked the witness whether those buyers were wholesalers and the answer was, yes. This butter would not have gone into consumption at that time. My comment on that would be that I would rather have the producers hold the butter than the wholesaler, if there is a profit to be made.

The CHAIRMAN: That may be, but should we not follow it up by finding out whether the available buyers were all wholesalers?

Mr. LESAGE: Yes.

The CHAIRMAN: Potential buyers?

Mr. JOHNSTON: It would make no difference, it was being held and it does not make any difference whether the co-operative was holding it or the wholesaler.

Mr. LESAGE: We cannot forget butter has to be stored for wintertime. It is not necessarily holding if the figure keeps much along the same lines each year with respect to a given co-operative or producer.

Mr. MAYBANK: I suggest perhaps the members are attaching a moral significance to this evidence a little too soon. The witness has been perfectly frank in saying that the co-operative held this butter for a certain purpose. He thinks such holding had some result and I must say I would not draw any moral conclusions. It is purely a factual matter as far as it goes and the possibility of where the butter might have gone has no place, it seems to me, in this purely statistical inquiry.

Mr. JOHNSTON: I would not like the committee to understand that I was drawing any moral conclusion, I was drawing a logical conclusion.

Mr. MAYBANK: It was not you that I had in mind, Mr. Johnston, it was Mr. Lesage. Mr. Lesage was arising too quickly to the defence of the co-operative when it was not being attacked.

Mr. LESAGE: Mr. Johnston said it was hoarding and I just made the point clear that it was not hoarding.

Mr. IRVINE: I cannot see any sign of hoarding here. In 1946, in the month of September, they had on hand an inventory of 1,233,000 pounds and in the corresponding month of 1947 the figure is 1,360,000. There is a very small margin between the two years and in 1946 I presume the ceiling was on and it would not result in any holding.

Mr. HARKNESS: The point is the witness has said they did hold some of this butter for a specific purpose which he described as "marketing in a more orderly way."

The CHAIRMAN: And also it was held to get a higher price.

Mr. HARKNESS: Yes, and I think we should accept what the witness has said and that it was for such a purpose.

Mr. MAYBANK: The witness has not evinced any signs of turpitude as yet, and I do not think any such conclusion should be drawn at this stage.

The CHAIRMAN: That is a matter which is measured in each case—each case must stand on its own feet. The witness has said a certain amount of butter was held for an acknowledged purpose of obtaining a higher price and Mr. Lesage has elicited that butter was for the wholesalers. Now were the only available buyers wholesalers?

The WITNESS: Before I answer that question sir, I would wish to know what you mean by "wholesalers"?

The CHAIRMAN: People like the packing houses.

The WITNESS: In my view most of the available buyers—I would say all the available buyers—would be wholesalers. There might have been creamery men among them, those are men engaged in the same business we are but who are located in Ontario or Quebec instead of Saskatchewan. They might have been packers or creamery men but they were of that type of buyer.

Mr. JOHNSTON: Would your records show to whom you made sales?

The WITNESS: Definitely, but I have not got them with me.

The CHAIRMAN: The reporter cannot get down what two members of the committee are saying at the same time. I do not know which one he is taking.

Mr. HARKNESS: Some of the buyers may be chain stores—just following up the chairman's question regarding people who are buyers in the wholesale sense—some of them might have been chain stores and therefore retail outlets?

The WITNESS: We sell carlots of butter through brokers to chain stores.

Mr. MACINNIS: Would it be sold at wholesale prices to the chain stores?

The WITNESS: It would be sold at the market price for Toronto, Montreal, or Vancouver, whichever the case might be.

By Mr. Lesage:

Q. I understand the clients at that time who were after you to buy butter were in your judgment anxious to have it for storing purposes and not for immediate consumption?—A. It would be difficult to make a 100 per cent accurate statement on that point as we were in a surplus production period at that particular time. It would, however, be a reasonably correct statement to say we assume most of the buyers were buying for storage purposes.

Q. And that is why you kept it until the price went up, and then you sold to those people who wanted to buy it for storage?—A. We felt we might as well hold it as against them holding it, and we had a specific purpose, as I have already stated, for holding it.

By Mr. Monet:

Q. Did you have any demand from wholesalers to purchase butter at that time?—A. Oh, indeed we did.

Q. Can you give the names for the members of the committee?—A. I have no knowledge of who was inquiring except where a sale was made.

Mr. JOHNSTON: Would the witness not have knowledge from his books? If a wholesaler wrote in asking for a million pounds of butter, or whatever the amount happened to be, you would have a record? You might refuse the sale but you would have a record.

The WITNESS: The majority of sales are conducted via the telephone. If they wrote, the answer would be yes, but very few sales were made in that manner.

By Mr. Monet:

Can you recollect, Mr. Turnbull, if you had many requests from the wholesalers?—A. Inquiry was quite active through brokers. We did not deal directly with the wholesalers.

Q. But the demand was quite large?—A. That is right.

Q. The supply was quite low, or getting low?—A. No, the supply at that time was fairly satisfactory.

Q. Was there not a shortage foreseen at that time?—A. There was a shortage contemplated by some.

Q. So I would fancy you would have requests from large wholesalers to buy butter?—A. We had daily requests from brokers asking us to offer at a price. That is the way we do business.

Q. Did they actually mail you bids and offer you prices?—A. There were many bids made that we declined.

Mr. WINTERS: Did you offer at a price in those days?

The WITNESS: We did a certain amount of that, the proof being that in the months of August and September our stocks declined, which means we did sell our production of that month.

Mr. LESAGE: Would you look at the sales for June, July, and August?

The CHAIRMAN: Are you going on to another subject matter?

By Mr. Lesage:

Q. No, no, it is the same thing. The largest volume of your sales was in June and July, is that right—A. 1947?

Q. Yes, 1947.—A. That is correct

Q. Now in May, June, and July, the price was $49\frac{3}{4}$ —in June it was $49\frac{3}{4}$, in July it was $49\frac{7}{8}$, is that correct?—A. Right.

Q. About 50 cents wholesale price in Montreal, so the bulk of the sales made in June and July were to wholesalers for storing purposes?

Mr. JOHNSTON: Oh, he would not know that.

The WITNESS: I can only express an opinion, I do not know.

By Mr. Lesage:

Q. What is your opinion?—A. My opinion is that 50 per cent or more of those sales represented butter that subsequently went into storage.

Q. It represented butter which went into storage, and it was sold to wholesalers, the packing companies?—A. Yes.

Q. Are Swift's and Canada Packers your clients for butter?—A. Anyone in Canada who desires a car of butter and who will pay the market price is a client.

Q. Were they your clients in 1947?—A. We sold butter through the brokers to Swift's and to Canada Packers.

Q. How much was the volume?—A. It was not very large to Swift's to my knowledge, but there was a fair volume to Canada Packers.

By Mr. Johnston:

Q. Did you say you were selling it at market prices?—A. Oh, definitely.

Q. In some of those cases where you refused to sell did you refuse because they were not offering you the market price or was it because you wanted to hold it a little longer?—A. We refused to sell because their conception of the market price was not the same as our conception.

Mr. MACINNIS: Mr. Chairman, may I draw attention to exhibit No. 56 and you will note on the second page for the years 1939 and 1940 the holdings at the end of the month are shown there. If you take the next page, 1943 and 1944, you will find the pattern corresponds. Before I go on may I ask why the years 1941 and 1942 are not here.

Mr. MONET: I think I can answer that. When we requested this information we had no reason to ask for any particular year and we felt that it would be sufficient if we picked out 1939 and 1940, immediately after the war started, and then 1943 and 1944, and then 1946 and 1947.

Mr. MACINNIS: That is quite satisfactory. Now in 1939 and 1940 there was no price control while in 1943 and 1944 there was price control. When you turn again to the third page you will find the pattern corresponds in those uncontrolled years to the period in 1946 and 1947 where there was no control.

Mr. JOHNSTON: I would not think so.

The CHAIRMAN: What do you mean by pattern?

Mr. MACINNIS: The figures are almost identical.

Mr. IRVINE: They are higher in 1939.

Mr. JOHNSTON: The holdings in 1943-44, except for three months in 1943 were much higher than in 1946 and 1947.

Mr. LESAGE: In 1943-44?

Mr. MACINNIS: They were much higher.

Mr. JOHNSTON: The inventory at the end of the month was higher.

Mr. MACINNIS: No, no no. In the two years there are five times where it went over the million, and the statement is pretty much the opposite.

Mr. JOHNSTON: No.

Mr. LESAGE: Yes, I think it is opposite.

By Mr. Monet:

Q. Mr. Turnbull you have just answered Mr. Lesage to the effect that you sold some butter to Swift's and a fair volume to Canada Packers. Would it be possible for you to give us the dates of those sales, and the price for which the butter was sold. I presume you could not do it today but would you be kind enough to send us that information?—A. I could give the information on some sales but not in all cases because we do not know in all cases to whom the butter is sold.

Q. No, but could you give us all the sales you made to Canada Packers from May to December 1947, and all the sales made to Swift's; the quantity, the dates, and the sale price?—A. During what period?

Q. Let us say from the 1st of April 1947 to the 1st of February 1948. Would you give the dates of the sale, the number of pounds sold, and the price at which the butter was sold? Now, Mr. Chairman, I do not know whether you would want to ask Mr. Turnbull to come back to provide that information?

The CHAIRMAN: You could send it by wire.

Mr. JOHNSTON: Lest there be any misunderstanding about the holdings mentioned a moment ago, I say that generally speaking they were less in 1946 and 1947.

Mr. MACINNIS: That is the point I was trying to make. 1946-1947 corresponds closely to 1939-40.

Mr. JOHNSTON: Other than the fact the holdings were more in the last two years.

Mr. MACINNIS: No, they were more in 1940.

The CHAIRMAN: The information that counsel has asked for could perhaps be sent to us by telegram. You are hoping to get away tonight, Mr. Turnbull, and it is desirable that we have the information by Thursday.

The WITNESS: I arrive home Thursday night if I get away tonight.

The CHAIRMAN: Thursday or Friday because we may have some witnesses here then.

By Mr. Irvine:

Q. Could you phone for the information and give instructions?—A. I could phone.

Mr. MONET: Could you phone tonight before you leave because I may say at this time—I think the chairman will allow me to say this—that if it is at all possible Mr. Turnbull would like to leave tonight. He has been here already over ten days but it, of course, depends on whether members of the committee will be finished with him. If you will wire tonight to your manager or whoever it is and ask him to send us that information we might get it by Thursday morning. I think it would be very useful for us if we had it by Thursday morning.

The WITNESS: I will do that.

The CHAIRMAN: Is the question complete? You have asked for Canada Packers and Swift's.

Mr. MONET: Canada Packers and Swift's, and also I would like any other wholesalers.

The WITNESS: That is impossible. We would have to send you all our car files.

By the Chairman:

Q. Can you tell us how much you sold Olive & Dorion in Montreal?—

A. I do not think we sold Olive & Dorion any.

By Mr. Monet:

Q. Lovell and Williams?—A. I do not think we sold them any.

Q. J. C. Edwards and Company?—A. I do not think we sold them any.

Q. A. A. Hare?—A. A few cars.

Mr. MACINNIS: I wonder if we can get over the difficulty this way, by asking for the names of those to whom they sold over a certain amount, 500 or 1,000 pounds, something like that. Would that be satisfactory?

The WITNESS: There are 40,000 pounds in a car.

Mr. JOHNSTON: Say 40,000; that is a carload.

Mr. MACINNIS: I had those figures in my own mind.

By Mr. Monet:

Q. You said you recollect having sold some to A. A. Hare?—A. I am of the opinion a few sales were made to A. A. Hare.

Q. Would you include those in the information we are asking for? Have you some remarks you would like to make?—A. With your permission I should like to speak to the point raised when it was pointed out that there was a similarity between the stock trends in our case comparing 1946 and 1947 with 1939, but which was not the case in 1943 and 1944. The main explanation on 1943 and 1944 as to the difference in stocks is that the government at that time was in charge of distribution in many of those months, and we were co-operating to the best of our ability. They were obtaining permits which we could not get as a business concern. They were shipping 20,000-pound cars when we had to ship 40,000. That situation, to a considerable extent, accounts for the difference in our stock figures in 1943 and 1944. We were only able to get down to those figures because of the fact the government was in charge of distribution and obtaining privileges under wartime conditions which we did not have extended to us in 1946 and 1947.

By Mr. Johnston:

Q. Did you make application for those same privileges and were you refused?—A. We made application. I will not say we were refused. They declined to act accordingly.

By Mr. Monet:

Q. Mr. Turnbull, I should like to refer now to exhibit 57 which is described as butter department earnings of the Saskatchewan Co-operative Creamery Association Limited. Would you explain briefly to the members of the committee the figures that are listed there on the first part of this exhibit?—A. The figures listed there are for our business periods which you will notice are fiscal years, business years, which change little. They show our total butter department earnings in each of those periods. That is a converted figure in that our earnings are all on the basis of butter fat, and our cream shippers share in the earning of our ice cream department and milk and cream departments so I have had to convert our statement back into terms of butter. In other words, what I am trying to say is this is converted. We have no balance sheet which would give you those figures.

I have taken the figures on our balance sheet and worked them back for this group in terms of butter. On that basis the earnings are shown for each period. The first one is 11 months ending February 28. Our business year ended at the end of February until December, 1946. In the last column I show you our net earnings per pound of butter in cents, the first figure being slightly over half a cent a pound. The second figure—

The CHAIRMAN: I suggest to the members of the committee this is very significant. I am not calling attention to this particular company, but these figures are very significant when we get into a comparative basis.

Mr. MONET: I must state at this stage the same questionnaire has been sent to all those who will be summoned. The same question has been asked, and we do hope we will get the same information.

The CHAIRMAN: If we do not get it one way we will get it another way.

By Mr. Monet:

Q. Would you carry on now, Mr. Turnbull.—A. I think that is a satisfactory explanation of the first section.

Q. This would show then that during this period from 1940 to 1947 your minimum earnings per pound net would have been 0.17 for the period ending February 28, 1946?—A. Correct.

Q. And the highest would be for the year ended December 31, 1947, which is 1.74?—A. Correct.

By Mr. Johnston:

Q. Is that your net earnings per pound after your pension plan and other things were taken out?—A. Yes. There is a partial estimate with respect to 1947 but the other figures are net.

Mr. IRVINE: 1942 and 1943 are fairly comparable to 1947.

By Mr. Monet:

Q. We have 1.21 and 1.28 for those two years just mentioned by Mr. Irvine.—A. That is right.

Q. Now, as to the second part of exhibit 57—

Mr. LESAGE: Would it be all right to ask questions on the first part now? Do you intend to ask any, Mr. Monet?

Mr. MONET: That is all on the first part. I have no more questions on the first part. I should ask one more.

By Mr. Monet:

Q. This would be your net profit? The 1947 figure of 1.74 would be the net profit per pound of butter?—A. Available for allocation back to our members.

Q. That was returned to your members?—A. Available to be returned.

By Mr. Lesage:

Q. That was one of my questions, but I should like to know now why the net profit in 1947 was much higher than in 1946. Will you tell us the reason why?—A. On a rising butter market which, of course, we had in 1947, the manufacturer of butter, more particularly buying cream as we do in the west, is in a much happier position than when the market is going the other way. We buy that cream daily on the basis of the market. It takes ten days or more to make a car. If the market goes down you lose financially. If the market goes up you make money despite yourself. In 1947, as you know, from the middle of July approximately right to the end of the year there was a steady upward progress in price. That is the main reason.

Q. Would it be all right to ask now what was the average payment to producers per month in 1947 in butter fat?—A. I could give you our exact prices

but I think that question is answered by the previous exhibit, table 5, where they show the prices.

Q. Yes, but we do not have them by month?—A. Yes.

Q. Do we have them by months for 1947?—A. Oh yes. The first one is January, 1947, Saskatchewan, 48.6 cents.

Q. Which table?—A. Table 5.

Mr. MONET: There are four pages to that exhibit.

Mr. LESAGE: Oh yes, by month.

Mr. MONET: The first page of table 5, the third column to the right.

By Mr. Lesage:

Q. The amounts mentioned for Saskatchewan would be approximately the amounts received by your patrons?—A. Yes, approximately so. I would not disagree with those figures without making extensive calculations. They appear correct to me.

Mr. MONET: Mr. Lesage, I suppose you have made the correction for the months of October and December?

Mr. LESAGE: I have.

By Mr. Monet:

Q. Mr. Turnbull, was that net profit of 1.74 for the period ending December 31, 1947 a fair profit in your opinion?—A. We would be delighted to receive it in future years. We considered it very satisfactory indeed.

Q. I understand it was at least three times higher than for the previous year.—A. Yes, but we would say only about twice as high as a fair reasonable normal profit on a manufacturing operation as large as ours.

Q. At all events, you were very satisfied with the result?—A. Indeed.

Q. And would be very satisfied with the same result every year?—A. Well, in straight operating, yes, but we would not like to see the butter market do as it did this year because it could do the industry more harm than good.

Q. But you consider it was a nice profit?—A. That is right.

Q. Coming to the second section of exhibit 57 you have your monthly butter department earnings. I understand you have the earnings for each month of 1946 and 1947 as was requested of you?—A. That is what is set out.

Q. Would you have any comments to make as to the last column, December, 1947, where a loss of \$50,344.33 is shown? Have you any comments to make on that?—A. The explanation of that is this, that we control all capital expenses, maintenance and repair items, for the thirty units in the central office in Regina. The bookkeeping entries after the work is done are provided by our office. In other words, the branches must send in a statement indicating the work done and the cost of the work and we give them the bookkeeping disposition.

In the ordinary course of events these items would be spread over the 12-month period. Due to staff difficulties, delays with work and what-have-you in 1947 these items are largely accumulated to December, and then the operation for the whole year was taken care of in one month. That is why we had a loss. We did not have an operating loss in the month of December. We only indicate one because of the fact that expense items for the whole twelve months were written off in that one month. The earnings of previous months should have been less or the loss more rather than showing an operating loss in December. Nevertheless that is the way it appears on our books.

By the Chairman:

Q. If you had not allowed for that kind of maintenance expense what would the figure have been? What would it have shown in that month?—A. I think it would have been about even, no loss and no profit.

By Mr. Johnston:

Q. Would that loss not have accumulated just from April because in April you did show a loss? Therefore I imagine you had your accounts straight at that time?—A. That is not correct, sir. That December figure includes items right from the 1st of February for certain. Our loss should have been larger in February, March and April.

Q. Then that loss should be shown as a partial loss?—A. Pardon?

Q. The loss in February, March and April is just a partial loss?—A. Yes. I have explained the abnormal figure for December.

Q. That makes the one in December seem large in comparison with the others?—A. That is right.

Q. Because the figure in December was not complete?—A. We had operating losses aside from those expense items during those three months of 1947.

By Mr. Monet:

Q. Is it possible, Mr. Turnbull, that some wholesalers in the butter business or some manufacturers would write down a net profit of say 10 cents a pound of butter sometimes last fall the way the market was going?

Mr. JOHNSTON: I did not get the question. What was the question?

By Mr. Monet:

Q. Is it possible that some people in the butter business, some trade people in the butter business, wholesalers or manufacturers, could have made a profit of 10 cents a pound of butter during last fall on account of the market acting as it did?

The CHAIRMAN: Would you mind, Mr. Monet, if I suggested a question there?

Mr. MONET: Not at all, Mr. Chairman.

The CHAIRMAN: Would you have been satisfied if you had received 10 cents instead of 1.74? How would you have felt? You would have been in heaven, wouldn't you?

The WITNESS: No, we would not if it were 10 cents because I would lose my job. I would not be paying a fair initial price.

Mr. WINTERS: Would there not be a difference in the 10-cent price and that figure of 1.74 to which you referred?

The CHAIRMAN: I had in mind earnings.

Mr. WINTERS: Which is quite a different thing. This is after overhead and all other operating expenses have been charged.

The CHAIRMAN: That is right.

Mr. WINTERS: Now, might I ask a question, Mr. Chairman?

The CHAIRMAN: Yes.

By Mr. Winters:

Q. Do you buy any butter as such or do you manufacture your own?—

A. We manufacture all our own. We do not buy or trade in anybody else's butter.

Q. Do you know on the average what it costs you to produce a pound of butter?—A. We know the exact amount.

Q. How much does it cost you to produce a pound of butter?—A. You name any period within the last two years.

Q. Let us take the month of June, 1947?

Mr. LESAGE: Let us start with May.

Mr. WINTERS: All right, start with May.

The WITNESS: The month of May, 1947, our average manufacturing cost—

Mr. WINTERS: Yes, just labour, materials but not overhead.

The WITNESS: Power, light, water and everything—2·9 cents.

By Mr. Winters:

Q. 2·9 cents?—A. That was on average. We have 30 plants. During that month our minimum cost at any one plant was 1·8 cents a pound and our maximum cost at any one plant was—I think it is correct to say 4·5 cents.

Q. Does that include labour, material, ingredients and everything?—A. No. That is our manufacturing expense entirely aside from raw materials.

Q. All right, how much does it cost you to lay down a pound of butter in your stock room on the average?—A. For that particular month it cost us 45·6 cents on the average, which includes the 2·9 cent figure.

Q. It includes all your administrative costs and handling charges of all kinds?—A. That is right, 45·6 cents is our total cost.

Q. For the month of May?—A. For the month of May, 1947.

Q. What would it be for the month of June?

Mr. JOHNSTON: I think that information would be extremely valuable if the witness would table that as an exhibit because he has all the cost figures there for the various months.

The WITNESS: I am not supposed to have them. This is for my own information.

Mr. WINTERS: I don't want it all; I just want one or two months.

The WITNESS: These are my private operating records. It is all right. If you ask for it you shall get it.

The CHAIRMAN: That is the right attitude.

Mr. LESAGE: Could you let us have the corresponding figure for the month of June?

The WITNESS: 45·6 cents, the same.

Mr. LESAGE: What about manufacturing costs?

The WITNESS: 2·4 in June, with a minimum of 1·6 and at any one branch a maximum at any one branch I think of 3·7.

By Mr. Johnston:

Q. How would you account for the variation between minimum and maximum?—A. Your manufacturing costs largely depend on the individual production of that branch. If your branch makes 50,000 pounds of butter a week, you will probably make it for 1·2 cents a pound. If you make 25, it might cost you 2·4.

Q. It would depend on the volume?—A. That is the answer, volume.

By Mr. Winters:

Q. Mr. Turnbull said this morning, I think, he needed to get from a $\frac{1}{2}$ cent to a cent, and I was not clear at the time whether he meant a mark-up or earnings per pound?—A. We aim at an earning per pound of $\frac{1}{2}$ cent to not more than 1 cent.

Q. Now, how much did you have to sell that butter at which cost you, laid down, 45·6 cents? How much would you have to sell your May and June production at which cost you 45·6 cents, to realize that earning?—A. Add a $\frac{1}{2}$ cent to whatever figure you use. A $\frac{1}{2}$ cent gives us a $\frac{1}{2}$ cent.

Q. So, it is a straight mark-up of a cent. There are no other charges?—A. Oh no, that is our cost and anything we get over that represents our margin.

Q. So, in order to realize a profit, you could have sold that at 46·6 cents per pound?—A. That would have given a one cent margin.

By Mr. Lesage:

Q. What is the cost of freight to Montreal on 1 pound of butter?—A. Well, the average from Saskatchewan is just slightly under 3 cents a pound.

Q. I want to compare that with table 6. I think, Mr. Winters, you will have your answer there.

By Mr. Winters:

Q. What were the bids, in that period in which you were holding butter from the market?—A. Our average selling price for the month of June, on all butter sold, was 48·5 cents. That, I guess, reflects our bids.

Q. But you said during that time there were bids made by prospective customers which you did not honour because you did not feel the bids were high enough?—A. We did not feel the bids were high enough because our cream price was not sufficiently high at that time, in our opinion, to bring about the desired result in production.

Q. You were holding quite a stock of butter which cost you 45·6 cents a pound, and which you could have sold at a good profit at 46·6 cents a pound, but you did not choose to sell because people were not bidding enough for butter at that time. What were the bids running at? Could you tell me those bids you turned down?—A. That is indicated in that exhibit yesterday. At that particular time we were selling what butter we did sell on the Vancouver market; it was not being sold in the east at all. I am speaking of the month of May and the fore part of June, and the price would approximate 50 cents a pound, Montreal or Toronto.

Q. Then, you held that butter you say until you got a satisfactory price for it. What was the satisfactory price you did get for that 45·6-cent per pound butter?—A. I cannot answer that without tracing the butter. What I intended to say, sir, was this. We felt the cream price at that particular time was too low, having a long-term supply picture in mind and not overlooking the wheat price in the province of Saskatchewan. Unless we could work the cream price up to a satisfactory point our production would continue to deteriorate.

The CHAIRMAN: We understand that, but it is not an answer to the question.

By Mr. Winters:

Q. You had a laid-down price of 45·6 cents and you needed the profit of 1 cent, which would make a total of 46·6 cents. There was in addition a 3-cent freight to Montreal which would make a total of 49·6 cents. Now I go back to your 46·6 cents, the price you needed to realize the profit you wanted, and you were apparently holding for a higher price. Now what price did you hold for, and what price did you get?—A. I cannot answer that question in terms of butter made in a specific month. The price we had in mind was one that would return a maximum of 55 cents to our cream shippers.

Q. Yes, but you had already manufactured this butter?—A. That is right.

The CHAIRMAN: And you were holding it?

Mr. WINTERS: You were holding it so the cream was already taken care of for that butter?

The WITNESS: That is right.

Mr. HARKNESS: The thing is, between any one of those two months you did sell a million or two million pounds?

The WITNESS: Yes.

Mr. HARKNESS: And you had another three or four hundred thousand pounds that you could have sold but you did not?

The WITNESS: Yes.

The CHAIRMAN: Mr. Winters wants to know the price at which that butter was sold.

MR. HARKNESS: They sold between one and two million pounds at whatever the going price was, and I would say that the bid they turned down was the bid for the three or four hundred thousand pounds they had left.

MR. WINTERS: Maybe he can give us that figure. If he can, let us have it.

MR. HARKNESS: I was just trying to get the thing speeded up a little. That is what you wanted?

By Mr. Winters:

Q. Yes, because referring to table 6 of exhibit No. 52 we see from May onward a price rise which indicated there was a consumer demand which might be somewhat ahead of supply. During that period you were holding butter, and in the face of that, you say if you had released the butter it would not have gone beyond the wholesaler?—A. You are talking about the month of May?

Q. The period during which you were holding butter?—A. We were not holding butter in the month of May.

Q. Well, June and July?—A. In the month of June it could hardly be holding; we were holding butter in that we made 2,593,820 pounds; we reduced our inventory 352,904 pounds, so we must have sold all we made at least and some that we had on hand, because the inventory at the end of the month was only 1,179,575 pounds.

Q. We will leave that, because you are the one that said you were holding butter.—A. In June and July?

Q. In June and July you held butter in the face of what seems to be an increase in price, according to table 6, which would indicate a good consumer demand. Then you made a statement which I find hard to reconcile, coming from you, and that is if you had released butter it would not have gone beyond the wholesaler, who would have held it. Now what reason have you got for saying the wholesaler would have held it any more than you would have held it, in the face of what appears to be a good consumer demand?

MR. LESAGE: Not a consumer demand?

By Mr. Winters:

Q. It might be.—A. In the first place maybe we are wrong in talking about holding. We might have sold more butter than we did. We could have reduced our supplies but it is quite apparent that we sold more than we made in that particular month.

Q. Did you have more definite knowledge than that which you have given the committee that wholesalers were buying for the primary purpose of hoarding it?—A. No, the only knowledge I have on that is during the months of June, July and August, the surplus production, or most of the butter bought by the deficiency provinces, goes into storage. It does not all go into storage but most of the butter bought from the prairies goes into storage. Now I cannot go beyond that statement, and the statement is based on long-term experience.

Q. You said there was quite an active demand from the wholesalers during that time that you were holding butter?—A. Yes.

Q. I will ask you again can you say at what price they were bidding?—A. Yes. Vancouver was bidding about 49½ to 52½ cents; on June 20 they were bidding about 52½ cents.

Q. Then if you had wished to realize only between a ½ and 1 cent it would have paid you to sell then?—A. That is correct but that ½ of 1 cent refers to the total average over any 12-month period. You cannot work as close as any one month.

Q. You were trying to average it over the year?—A. That is right.

Q. On the basis of the offers you had every reason to sell at that time?—A. That is correct.

Q. Do you feel then you were not holding out for a higher price but to average it over the year, to realize a 1 cent profit on the over-all operation?—

A. At that time we were not thinking in terms of margin of profit, we were thinking in terms of getting the butter market up to a level which would maintain production in the province of Saskatchewan in competition with grain prices.

Q. It seemed to have been all right there with quotations of 49½ and 50 cents.

The CHAIRMAN: Mr. Winters, you have not got the answer you are after. We understand why. You have told us the reason why you wanted the price up to a certain level, but the question Mr. Winters is asking is not quite the same. You accepted certain bids. What bids did you turn down?

The WITNESS: Mr. Chairman, I think as far as I can go there is to say we had definite capital limitations.

By the Chairman:

Q. I am not asking you why you turned them down. I am not criticizing. We just want the facts. We would like to get some idea what those bids were.

—A. I cannot tell you what bids we turned down. I can only tell you what sales—I cannot do that either, but I can tell you the price at which sales were generally made. I cannot tell you the bids that were turned down.

Q. You do not keep a record of that?—A. No.

Q. When you say Vancouver, who do you mean in Vancouver?—A. It might be Canada Packers. It might be Swift Canadian Company. It might be Burns and Company. It might be a chain store.

By Mr. Monet:

Q. Burns and Company are from Winnipeg?—A. The head office is Calgary.

Q. I have a few more questions. Mr. Turnbull, would you tell the members of the committee what, in your opinion, were the main reasons for the substantial increase in the price of butter during the period of last year from June to December inclusive?—A. There were a number of reasons. As has already been indicated during the forepart of the season, subsequent to decontrol which took place on June 9, up to the first week in August there was very little change. That situation might be attributed to a lack of adequate storage space in Montreal and Toronto, and it could certainly in part be attributed to uncertainty in the industry as to production and consumption prospects. We had just moved out of an era of control, and we were feeling our way along. Nobody knew the answers. Everybody was trying to do a little guessing.

I think most of this information has come out before. On August 10 when the Dominion Bureau of Statistics figures were released it appeared to indicate a high level of disappearance without a relative increase in production. It was at that point, or thereabouts, that the price started to rise fairly consistently. There were, of course, unfavourable weather conditions here in the east, I believe, last spring which had some considerable bearing on the long-term possibilities and suggested to many there might be a production deficiency on that account.

Then the production of stock reports as released by the Dominion Bureau of Statistics during September, October, November and December, all indicated the continuation of a high level of consumption without a relative increase in production. In order to obtain supplies the butter industry on a free market was more or less compelled to purchase at higher prices. There was, of course, an interruption in the price trend between October 1 and October 29. I think that might be attributed to uncertainty again on the part of the industry, more particularly with respect to government policy in the matter of imports. There was the possibility that something might be done to import butter at prices lower than those prevailing in the domestic market. Mr. Taylor covered that fairly fully yesterday. There was the possibility that a ceiling might be

reimposed which brought about some deterrent to price advances at that time. Then there was a definite shortage of storage space at that particular time, more particularly in the east. I do not think I could add very much more unless one attempted to analyse the stocks in detail. I doubt that it is necessary for me to do that in the light of previous statements.

Q. All right, I am satisfied.

The CHAIRMAN: I just wanted to raise the question. It was my intention to call an executive session of the committee now, but apparently there are a lot of other questions for this witness.

Mr. HARKNESS: I have one or two I wanted to ask.

Mr. JOHNSTON: I have one which bears on the point now being discussed.

The CHAIRMAN: We have to decide this question. We would like to meet the convenience of this witness if we can and I understand he would like to get away tonight. However, there is the fact that we were to have an executive session, and unless the questions you wanted to ask can be taken care of within 5 minutes I think we will have to make other arrangements.

Mr. JOHNSTON: Mine are short.

By Mr. Johnston:

Q. I would like to ask the witness, you spoke of the D.B.S. giving information here the other day. Do you make your monthly records of storage to D.B.S. or to Wartime Prices and Trade Board?—A. They go to D.B.S.

Q. Do they go there regularly?—A. Yes.

Q. Have you ever had any inquiries from the Wartime Prices and Trade Board in regard to your holdings?—A. No, they would obtain that information if they wished it I presume from the Bureau of Statistics.

Q. How often do you turn these figures in to the Dominion Bureau of Statistics?—A. Once a month, and they are audited by our provincial branch before they go forward to the federal department.

Q. Coming back to this question of the amount of butter you hold in storage, if you held any in storage, for as you have suggested an increased price, the information would have been available to the Wartime Prices and Trade Board through D.B.S., would it not?—A. The stocks we hold would be available to them.

Q. So D.B.S. certainly would know what your holdings were from month to month and therefore the Wartime Prices and Trade Board would have access to the information?—A. So far as my knowledge goes, that is correct.

By Mr. Harkness:

Q. Mr. Turnbull, you said that the working stock you require is $\frac{3}{4}$ of a million pounds. Now, would it be fair for us to say then that in 1947 whenever you show on hand the first of the month an amount in excess of $\frac{3}{4}$ of a million pounds that that excess is butter which you could have sold but which you held for some purpose or other?—A. That would be fairly reasonable.

Q. And the reason that you held that butter was in order to try and get a better price eventually for your cream producers who constitute your company?—A. During the forepart of the season only.

Q. That is right. Now, just one or two other questions. Do you take any other cream from non-members in your organization?—A. We accept cream from anyone.

Q. You accept cream from anyone. Do people who are not members share the profits?—A. No, not until they acquire a membership.

Q. How do they acquire a membership?—A. Through the payment of the required fee of \$3.00.

Q. That is all that is required of any creamery producer to join your organization, he can join on the payment of \$3.00?—A. Providing he at the same time becomes an active shipper.

Q. That is what I mean, you are not in a position where you are taking cream from a lot of people who are not members and who cannot become members?—A. No, we are not in that position.

By Mr. Maybank:

Q. Would it be correct to say that practically all the cream you get comes from members?—A. I would say that over 90 per cent of the cream we receive at the present time comes from members.

By Mr. Irvine:

Q. I have just one question to ask, Mr. Chairman. What was your answer to the question as to what made the price of butter rise? Did I understand you to say that one of the reasons was the increase in the cost of production of cream, and that that was due to the increase in the price of feed stuffs to dairy farmers which would have been caused by the removal of the subsidy on coarse grains, and that this led to the possible belief there might be a shortage of butter which would stimulate the bidding for the butter on the market?—A. I did not say that.

Q. Was that the idea you were getting at?—A. I did not express that opinion. That, of course, occurred during the time when prices were reasonably high. I would not state that, personally, as a reason.

Q. I got that idea from your statement.—A. I am sorry if you did, but I do not think I said it.

MR. LESAGE: I have no question to ask, but I believe the witness' train leaves later tonight and I was wondering whether it would be possible for him to leave with us the four figures he gave Mr. Winters for May and June for every month of 1947. Would it be possible to leave those figures with us tonight?

THE WITNESS: With your permission, I should like to suggest that you need more figures. You should also know our supply cost per pound which was not asked for.

MR. LESAGE: All right; can you leave those figures with the committee for every month of 1947?

THE WITNESS: I will leave them with Mr. Monet.

MR. LESAGE: I should like to compare the cost of production per pound during the low production months with the cost of production per pound during the high production months for the year 1947.

THE CHAIRMAN: I take it every member has finished his questioning. I wish to thank you, Mr. Turnbull, for your evidence. I think we were all greatly impressed with your presentation.

MR. MAYBANK: If you are going to call an executive session, there are two small matters which should be dealt with while the reporter is here. Mr. Chairman, I have to put something on the record as the result of a letter I wrote. At the conclusion of the letter I said that the point raised in the letter to which I was replying would be brought to the attention of the committee. A letter was addressed to the chairman, under date of March 11 from Mr. George Christensen, in which he gave certain information. In the ordinary course of events the letter came to me for acknowledgment. Mr. Christensen states that he has been reading the evidence of the Christie Bread Company and he thinks there are some things wrong with the evidence and he could make certain suggestions. It is a short letter and I would suggest that it be printed in the record now for the attention of the members. I do not think it is necessary that my own reply—which is only an acknowledgment and a statement that the point would be brought to the attention of the committee—need be printed.

The CHAIRMAN: Has Mr. Christensen gone into the matter of bread?

Mr. BEAUDRY: Is that the vegetable man?

Mr. MAYBANK: I do not know anything more than the letter, and it speaks for itself. It is a very short letter.

423 St. Clair Ave. East,

Toronto, Ont., March 11, 1948.

Hon. Paul MARTIN,
Chairman, Committee on Prices, House of Commons,
Ottawa, Ont.

Dear Mr. Martin:

I have just finished reading evidence uncovered by your committee yesterday, re Christie's profit on bread.

Your investigation has already uncovered the fact that Christie's Bread Limited made an excellent over-all profit before they increased the price of bread, the fact that they bake and sell a large and varied line or assortment of sweet goods on which they make a very large net profit, should be taken into consideration. It is an easy matter for them to charge overhead to the bread department that might better be charged to the sweet goods department, at any rate the all-over position is all that should be considered, not just bread. In fact if they baked bread only then there would be no excuse for many of the expense items now included in their general operations covering all bread, cake and other sweet goods.

The information I have leads me to believe that the Christie Bread Limited could well afford to sell 24-ounce wrapped bread to retailers, fifty loaves or more to a delivery at from ten to ten and one-half cents per loaf. In which event retailers could afford to sell same for 12 cents.

The consuming public that must economize should not be compelled to pay any part of the delivery cost of bread or milk to householders.

Yours sincerely,

GEORGE CHRISTENSEN

Mr. IRVINE: By the way, are we to hear from Mr. Christensen any further or is that a thing of the past?

The CHAIRMAN: Fruits and vegetables are still under consideration.

Mr. MAYBANK: Now there is one other matter. Mr. Singleton sent word that a correction ought to be made in the figures that he gave this morning. He has sent word back as quickly as possible in order that the record could be corrected before it was printed. Apparently Mr. Singleton gave some incorrect figures on the increase on butter disappearance for February of this year. The actual figure was 500,000 pounds over February of last year and not 4.3 millions.

The Committee went into Executive Session.

(SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE
ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 26

WEDNESDAY, MARCH 17, 1948

WITNESSES:

- Mr. R. W. Morrison, Secretary, Ontario Creamery Producers Marketing Board, Toronto, Ontario.
Mr. Henri C. Bois, General Manager, Coopérative Fédérée de Québec, Montréal, Québec.
Mr. J. E. Lussier, Chief of Butter Department, Coopérative Fédérée de Québec, Montréal, Québec.

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1948



MINUTES OF PROCEEDINGS

WEDNESDAY, March 17, 1948.

The Special Committee on Prices met at 4 p.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Beaudry, Cleaver, Irvine, Johnston, Lesage, MacInnis, Martin, Maybank, Mayhew, Merritt, Pinard, Winters.

Mr. Fabio Monet, K.C., Counsel to the Committee, in attendance.

Counsel filed, as part of Exhibit No. 52, table VII showing average retail prices of creamery butter prints at Montreal, 1934-38. (*Printed in this day's Evidence*).

Mr. R. W. Morrison, Secretary, Ontario Creamery Producers Marketing Board, Toronto, was called, sworn and examined.

Witness retired.

Mr. Henri C. Bois, General Manager, and Mr. J. E. Lussier, Chief of Butter Department, Coopérative Fédérée de Québec, Montreal, were called and sworn, and Mr. Bois was examined in French. (*Translation of Mr. Bois' examination appears at the end of this day's Minutes of Evidence*).

Mr. Bois filed,—

Exhibit No. 58—Comparative statement of butter operations, 1940-1947—Coopérative Fédérée de Québec. (*Printed in this day's Minutes of Evidence*).

At 6 p.m. witnesses retired and the Committee adjourned until Thursday, March 18, at 11 a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
March 17, 1948.

The Special Committee on Prices met this day at 4.00 p.m. The Chairman, Hon. Paul Martin, presided.

The CHAIRMAN: The meeting will please come to order.

Mr. MONET: Mr. Chairman, I wish to table a few documents before the first witness is called. These documents have been requested by some of the members of the committee. The first request was for the average monthly wholesale jobbing prices of creamery butter, Montreal, for the period 1934 to 1939, to complete table 7 of exhibit 52. Those figures are not available because the commodity exchange did not open for butter transactions until late in 1935. I wish to table, however, as part of Exhibit 52, the average retail prices of creamery butter prints at Montreal for the years 1934 to 1938. This was requested on March 15.

I am also tabling production cost by months for the year 1947, of the Saskatchewan Co-operative Creameries, as requested of Mr. Turnbull on March 16. These three documents are here and available for distribution to all members of the committee.

Mr. MacINNIS: Will Mr. Turnbull's figures be made a part of Exhibit 56?

Mr. MONET: Mr. Turnbull's figures are contained in the last document showing production costs by months of the Saskatchewan Co-operative Creamery Association.

The CHAIRMAN: That should go in the evidence as it is an answer to a question. It should go in right after the evidence.

The other document is entitled "Spreads in butter prices, March, 1948".

Mr. MONET: That was requested by Mr. Harkness.

This document was requested by you, to complete table 7, and it shows the average retail prices of creamery butter prints at Montreal from 1934 to 1938. This request was made during the evidence of Mr. Singleton.

The CHAIRMAN: It is part of exhibit 52.

Mr. MONET: That is right.

SASKATCHEWAN CO-OPERATIVE CREAMERY ASSOCIATION LIMITED—COST PER POUND OF BUTTER MANUFACTURED—AVERAGE FOR 30 BRANCHES

1947 Month	Products Cost	Transportation	Supplies	Manufacturing Expense	Total Cost
January	32.1	1.2	.6	5.8	39.7
February	31.9	1.1	.8	6.1	39.9
March	32.0	1.1	.7	4.8	38.6
April	31.5	1.2	.7	4.0	37.4
May	40.8	1.1	.8	2.9	45.6
June	41.2	1.1	.9	2.4	45.6
July	42.4	1.1	.9	2.4	46.8
August	45.3	1.2	1.0	2.7	50.2
September	50.5	1.1	.8	3.1	55.5
October	49.0	1.1	.9	3.6	54.6
November	49.5	1.1	.7	6.0	57.3
December	52.5	1.2	.7	13.7*	68.1
Average	42.5	1.2	.8	3.7	48.2

*Refer statement of J. S. Turnbull re apparent loss this month. Requested by the committee from Mr. J. S. Turnbull on March 16, 1948.

SPECIAL COMMITTEE

SPREADS IN BUTTER PRICES, MARCH, 1948

	Saskatchewan Butter Sold in Montreal	Cents per lb.	London, Ont., Butter Sold in London, Ont.
Price to butterfat producer	55.3—56.1 (a)		61.0 (b)
Price to creamery (W.P.T.B. Order A-2468)	64½		67.0
Ceiling price at wholesale, solids (W.P.T.B. Order A-2468)	67.0		67.0
Price to retailer, prints (W.P.T.B. Order A-2468) ..	69½		69½
Price to consumer	70.0 (c)		72.0 (d)

(a) Based on 68-69 cents per lb. of butterfat, Regina, f.o.b. shipping point, 23 per cent overrun.

(b) Based on 77 cents per lb. of butterfat, delivered London less 2 cents for delivery, 23 per cent overrun.

(c) average price, independent retailers Montreal (range, 69 to 73 cents)

(d) assuming same figure as in Montreal.

Prepared for the committee by the secretariat, as requested by Mr. Harkness, March 15, 1948.

March 16, 1948.
(Supplementary to EXHIBIT 52)

TABLE VII: AVERAGE RETAIL PRICES OF CREAMERY BUTTER PRINTS AT
MONTREAL, 1934-38

(Quotations per pound by independent retail merchants)

	1934	1935	1936	1937	1938
			—cents—		
January	28.3	25.0	29.8	30.0	33.8
February	29.5	27.6	29.4	30.0	35.6
March	33.1	28.9	27.9	29.1	38.1
April	33.6	27.6	26.8	29.7	39.2
May	26.6	27.0	25.2	28.8	31.6
June	24.5	25.1	23.7	27.7	30.5
July	24.5	24.2	25.9	28.6	29.6
August	23.6	24.4	27.2	30.4	29.1
September	23.3	25.1	29.1	30.6	27.8
October	23.8	27.2	28.7	30.6	26.5
November	23.8	28.3	27.8	32.0	26.9
December	24.6	29.7	28.6	33.8	26.1
Year	26.6	26.7	27.5	30.1	31.2

Requested by the committee on March 15, 1948.

Robert William Morrison, Secretary, Ontario Cream Producers Marketing Board, sworn:

By Mr. Monet:

Q. Mr. Morrison, will you give us your full name please?—A. Robert William Morrison.

Q. And your address?—A. 409 Huron street, Toronto.

Q. What is your occupation?—A. Secretary of the Ontario Cream Producers Marketing Board.

Q. How long have you been connected with that creamery board?—A. Since last summer, since about August.

Q. When was the association which you represent formed?—A. It came into being on the 1st of October last year, following a vote that had been taken in the month of April by the cream producers themselves as to whether they wanted to form a marketing board.

Q. Would you give us the exact and full name of the association?—A. The Ontario Cream Producers Marketing Board.

Q. Would you describe the objects of this board?—A. The objects of the Cream Producers Marketing Board are, in a word, to look after the interests of the cream producers—the farmers who produce cream. I might give a word or two of background in order that you will understand more accurately the function of the board. We have in Ontario provincial marketing legislation which enables groups of producers of any commodity, after having first discussed

the question through holding meetings and so on, to take a vote as to whether they wish to operate as a marketing board under the Provincial Farm Products Marketing Act. In cases where the vote is sufficient to set up a marketing scheme under the act then an order in council is passed and such a marketing scheme is established. That is the procedure that was taken in this particular case and this is one of some 14 or 15 marketing schemes which we have in the province, all of a somewhat similar set-up. It is a bargaining set-up. We do not actually handle the cream or butterfat but simply from a democratic point of view, and so on, organize ourselves. We have delegated a marketing board which then appoints members of a negotiating committee. In the particular case of cream there is a negotiating committee of ten, made up of five members from the producers and five from the creamery operators. This committee meets from time to time when it seems desirable to discuss and negotiate on certain matters. This particular scheme is outlined in the board order sent out. There is power to negotiate and to come to agreement on the following matters: (a) minimum prices; (b) forms of contract; (c) conditions of sales; (d) grades and quality; (e) price differentials between grades; (f) weighing and testing; (g) transportation. From the producer's standpoint those are the various phases of the question in which we are primarily interested since we do not actually produce ourselves as an organization. We have hope and expectation of a large measure of accomplishment as to what we, as individuals, have been unable to do. Collectively we are carrying some weight in ironing out our difficulties. We have made progress as you can readily see, since the organization has only been in existence since the 1st of October. It is a fairly young organization and in that time we have had a few member meetings and two negotiating meetings. We have established splendid relationship with the creamery operators and other members of the negotiating committee and to date time has been spent in thinking of a policy of improvement. As far as we, as producers, are concerned, we feel there is room for improvement. We feel a responsibility not only for producing cream or butter but also for producing the very best quality. We are trying to get a program under way which will achieve the improvement of quality. Now we are so set up that probably some move into other fields will be possible in the near future. At the moment that is a report of the progress we have made in this particular field.

MR. IRVINE: Are you a co-operative organization, may I ask? Do you so describe yourselves?

THE WITNESS: No, it is a marketing board.

By Mr. Monet:

Q. You have used the words "bargaining set-up," Mr. Morrison. What do you mean exactly by that expression?—A. Possibly you would accept a humble explanation. I do not propose to give a great deal of data and figures because I think most of those figures which we as producers thought you might want have already been presented here. As I said before our domestic set-up in the province of Ontario is divided into nine districts. Each district appoints a member of the marketing board—that is the provincial marketing board, which has nine members. Each member represents a specifically outlined district. That board appoints five individuals—who may or may not be members of that board, but who are cream producers—to represent them on the negotiating committee of ten. Five are cream producers and five are representatives of the operators. Now I referred to the bargaining set-up because we do negotiate one with the other and come to agreement. If the issue should be important to either side, or if it is of extreme importance and we feel we cannot obtain agreement, there is machinery for arbitration.

By Mr. Pinard:

Q. Is that a provision under the Act?—A. That is right, sir.

Q. Have you got a copy of the act?—A. We have a copy of the scheme as set up under the act. I think I have enough here to go around amongst the members.

Q. I think it would be helpful.—A. Here they are.

Mr. MONET: Well, Mr. Chairman, would you desire to file this document as an exhibit?

The CHAIRMAN: No, it is just additional informative material.

By Mr. Monet:

Q. Well, I understood you to say that you negotiate mostly between the farmers and the creameries?—A. Yes.

Q. Do you negotiate for the farmers or for the consumers? I suppose you negotiate for the farmers only?—A. Naturally our interest is primarily with the producer, the farmer, but I can say very frankly and honestly we are not unmindful of the operator and the ultimate consumer as well. We feel we have a responsibility not only to ourselves but to others who are vitally interested.

Q. In this negotiating I understand however that you represent mostly the interests of the primary producer?—A. That is right.

Q. Which would be the farmer?—A. That is right.

Q. The producer of butter?—A. That is right.

Q. Have you got anything to add to this statement you have already made on your organization, Mr. Morrison?—A. I was wondering, sir, if it would not be of particular interest for me to give some background of the dairy and butter industry in this province from the producer standpoint. I would be prepared to give you something on that if you think it would be of value.

Q. We would like to know anything that is interesting in so far as butter is concerned?—A. As well as being secretary of the Ontario Cream Producers Marketing Board, last fall I was appointed as a director from Ontario on the Dairy Farmers of Canada Association, which is a producers organization made up of some thirty producers groups across Canada, and it is in addition a breeding association. I have here a copy of an address given by Mr. McCague, the president of that organization, which address he gave at the last annual meeting. He has expressed some thoughts in rather brief form and if I might be allowed to quote a few excerpts I think it would be of interest to the committee.

There are about 3,900,000 cows on Canadian farms, representing an investment of over four hundred million dollars. The farms upon which they live represent a capital investment of around two and a half million dollars and there are about three hundred and fifty million dollars invested in the machinery required to work those farms. In the manufacturing, processing and distributing plants where milk is handled after it leaves the farm there is an investment of over two hundred million dollars. That all adds up to an important part of our internal economy.

Mr. IRVINE: When did you value those cows?

The WITNESS: I must admit this is a fairly recent valuation. It is an approximation.

Mr. IRVINE: The date of the valuation would make a lot of difference.

The WITNESS: Yes, and this talk was given late last fall.

Mr. MAYHEW: What did you say was the value of the land?

The WITNESS: I am sorry but I made a mistake in reading and I said \$2,500,000 when it should have been 2½ billion dollars.

Mr. MAYHEW: I was rather surprised.

The WITNESS: "To a very large and unestimated number of Canadians contact with the dairy industry may seem rather remote. These are the workers in allied industries—the men who make farm machinery or milk plant equipment, those employed in automobile plants where farm or pickup and delivery trucks are made; builders and contractors who erect dairy plants; the men engaged in the feed industry who supply the dairy farms with feeds for their live stock; those making boxes, metal milk and cream cans, barrels, glass bottles, and paper and wooden products; highway, railway and even ocean transportation employees; those in the several thousand retail outlets where the sale of dairy products is an important item. Add all these together and it becomes obvious that quite a segment of our population is indirectly concerned with the dairy industry."

—"There are 1,140 creameries, (butter factories) large and small, across Canada; 977 cheese factories; 260 combined butter and cheese plants; the several hundred pasteurizing plants necessary to handle and distribute the milk and cream requirements of citizens of Canada; the ice cream establishments; 26 concentrated milk manufacturing plants and several factories for by-products. The manufacturing plants—creameries, cheese factories and condenseries—have about 410,000 farmer patrons, while about 80,000 farmers supply milk to the fluid milk and cream trade.

—"The economy of the dairy industry is so bound up with the well being of Canada as a whole, that if this industry does not prosper, if the half million dairy farmers are without this buying power, then Canada as a whole might find it difficult to keep on an even keel.

"Today we hear much of conservation—conservation of our natural resources—conservation of the soil. Departments of government, economists, educationalists, financial institutions tell us that the conservation of the soil is basic to the future well being of Canada. In this we agree. Much fine work is under way chiefly from the standpoint of preventing erosion. I want to state, however, that the dairy farmer if given due consideration, can, through the handling of his dairy herd and farming programs, do more toward the conservation of the soil than any other agency. The maintenance of suitable organic matter and mineral content is a first essential. The organic matter content of the soil for high production, prevention of erosion and leeching can be provided through successful dairy farming. The mineral requirements to a large degree must be met by the purchase of commercial products. Such a program is only possible by an informed public having a proper appreciation of the value of milk and milk products as a food and a willingness to have the dairy farmer sufficiently recompensed, to enable him to carry on efficiently."

Then in conclusion—"The Canadian farmers have long been known as hard and efficient workers who are content with a moderate margin of profit for their efforts. Among them none have earned a higher reputation than the dairy farmers for long hours of strenuous and exacting labour. But, just as surely as nature's laws must be observed, they must receive a reasonable margin of profit for their well directed programs or Canada as a whole will suffer in the long run."

I just wanted to refer to those items in particular because to my mind as a farmer and producer which I have been practically all my life, I realize the significance of those statements. It is necessary, since this committee is particularly interested in prices, that the farmer and the producer of cream receives sufficient for his butterfat to enable him to carry on a reasonable program of production, to maintain his soil fertility, and to try and prevent mining of the soil which a good many of us feel is one of the greatest assets any country could have.

Q. Mr. Morrison, at the end of your remarks you referred to butterfat. Would you tell the members of the committee to what extent, if any, the pro-

ducers of butterfat gain through a rising of the market such as we experienced last fall?—A. The producers gain as the market rises to the full proportion of the market on the commodity which they are producing at that time. Special reference has been made to the price last fall. The price of butterfat follows closely any change in the price of butter. There is obviously, in any correlation of that kind, a certain lag. I would suggest in the case of the relationship between butterfat and butter, and what the farmer gets for butterfat as against the price that butter sells for at the time, the lag is quite small. As butter the price changes it reflects very very quickly in what the farmer gets. The price for butterfat increases right away and vice versa in the case of a decrease in the price of butter. In the case of the rise last fall the difficulty we have throughout the co-operatives—take, for instance, the large dairy pools and co-operatives in the west, because of their set-up primarily it was possible for the producer to get most of the benefit of that rise in his butterfat through the producer organizations; naturally, anything in the way of profit resulting from an increased butter price goes back to the producer through an organization of that kind at the end of the year. The producer gets the benefit of that, nobody else.

Mr. MONET: He gets it immediately?

The WITNESS: If not right then, it would be in his dividend at the end of the year.

The VICE-CHAIRMAN: I see. I am speaking more particularly of the farmer say in Saskatchewan; as you say, he would get this increase in price, but in the total economy of that particular farmer it may not bulk very large, his butterfat returns, would that be correct?

The WITNESS: Yes.

The VICE-CHAIRMAN: Take that 10-cent rise, for example; true, I suppose the Saskatchewan farmer would sooner have it than not have it, but it would not greatly increase his annual income I suggest, and I ask you if that is right?

The WITNESS: I agree with that, and I might comment just along that same line. I think right across Canada—probably I should have made this comment earlier—the average cream producer is in a little different class than most other dairy producers in that his herd is usually more, it is ordinarily more of a side line with him, and his production for that reason in proportion to the other things may not be as great as in the case of the whole milk producer or anything of that kind.

The VICE-CHAIRMAN: So that if we see the farmer suddenly getting a 10-cent rise in butterfat, or what comes from a rise in the price of butter per pound, we would be making a very grave mistake if we thought that they were suddenly getting rich?

The WITNESS: I agree.

Mr. IRVINE: Did the farmers of your organization receive the full increase demanded of the consumer for butter when the price was raised, when that 10-cent rise took place; would they get that?

The VICE-CHAIRMAN: There was a period last fall when it was around 10 cents. I do not know for how long.

Mr. IRVINE: Did they get all of it?

The WITNESS: I would say following that, yes. What had already been sold to the wholesalers and the chain stores naturally would be completely out of their range and they would not get it on that.

Mr. PINARD: There was only that difference, that they would not get it on the stock which had already left their hands?

The WITNESS: That is right.

Mr. IRVINE: The brokers and dealers in butter outside of your organization got no more through the increase in price then if that all came back to the farmer. Is that your contention; after the rise of 10 cents a pound, let us assume? Then, ultimately, the farmer would get that?

The WITNESS: On whatever proportion there was following that.

Mr. IRVINE: That would go to the farmer?

The WITNESS: That is right.

Mr. LESAGE: But at that time production was slowing down in the fall.

The WITNESS: Yes, that is the time of the normal decrease in production.

Mr. LESAGE: Yes, the bulk of production had been sold by then.

The WITNESS: Yes, but there is still a considerable amount of production, although as you say it is slowing down because pastures are drawing up and so on.

By Mr. Mayhew:

Q. Is butter handled on a cent per pound basis or on a percentage basis by the brokers? If it is on a percentage basis the whole 10 cents would not go back to the farmer, but if it is on a cent per pound basis it would all go back to him?—A. We do not deal with brokers. I cannot answer that

Mr. MACINNIS: You are dealing with the butter producers only?

The WITNESS: Yes.

By Mr. Monet:

Q. To follow up this question of the rise in the price of butter and butterfat, you said a moment ago that the rise in butter price would be paid to the farmer for his butterfat for the future; is that correct?—A. That is right.

Q. Do you mean by that that the wholesaler who had butter on hand would not sell his butter at any higher price than he paid for it? You didn't mean that, did you?—A. Not at all.

Q. That is why I followed up that answer. You did not mean by your answer as to the relationship between the price of butterfat and the price of butter; you did not mean that if the wholesaler stored his butter he does not get any benefit there is from the sale of the butter; you did not mean that?—A. No.

Mr. MONET: I wanted to clear that up.

Mr. IRVINE: I understood that you did mean that.

Mr. MONET: I thought he did, that is why I wanted to have that clear. I did not want this witness to leave the wrong impression.

Mr. IRVINE: I would like to have that cleared up.

Mr. MONET: I am referring to the period to which you referred, to the period when there was a rise in the price of butter and an increase in the value of butterfat. I understand the application of your answer is so far as applies to co-operatives but would the same thing apply to private organizations?

(Hon. Mr. Martin resumed the chair.)

The WITNESS: It would vary with the situation. I have in mind my own farm near where we have a joint stock company which operates the creamery, and it operates probably as nearly on a co-operative basis as is possible. They only take out a comparatively low return on the capital investments and everything else goes out to the producer. As I say, it operates essentially as a co-operative. I suppose perhaps across Ontario—I am speaking now particularly of Ontario—we have a large number of small creameries owned by individuals and companies and so on, and the management and so on varies as in the case in anything else; I suppose it would vary in great range, the co-operative creamery would give the farmers every break possible, they are very careful not to take advantage of the producer.

By Mr. Monet:

Q. Mr. Morrison, is there any other organization of the same kind or with the same objectives as in yours in any of the other provinces of Canada?—A. I am not aware of any as far as cream is concerned but there is some marketing legislation and there are some marketing organizations in the other provinces. I suppose you could cite the set-up of the fruit growers of British Columbia as being somewhat comparable to ours, but as far as marketing is concerned I do not know of any.

Q. I understand the main object of your organization is to get as much as possible for the butterfat for the farmer?—A. That is right.

Q. Would the price you get for the butterfat for the farmer through your organization be affected by the price set in any other province?—A. No. Ontario is a deficiency province so far as butter is concerned; that is we do not produce what we would like to consume and we have to import butter from the prairie provinces or the exporting provinces as far as butter is concerned; and since we have free interprovincial trade in any commodity there is no provincial organization or set-up to my knowledge that can have very much effect on the price of butter. To illustrate what I mean, our organization in Ontario cannot hope to influence the price of butter since we have to import butter from the prairie provinces when they have butter to sell. It is just a set-up which does not lend itself to any measure of control from our standpoint and we can only make the best of whatever situation arises.

Q. So you mean to say that even if you do obtain a higher price for the butterfat producer in Ontario it would not reflect on the price set on butterfat in any other province; is that right?—A. I think that is quite correct. We hope at some time in the future probably that we will have a national marketing organization or national marketing legislation, which we are looking forward to, which would tie in the existing provincial marketing acts of the various provinces, and when that time comes about we may be able to do something but in the meantime there is nothing we can do much.

Q. Now, Mr. Morrison, asking you as a farmer, what do you think is the cause of our present position of short supply in butter?—A. Well, it as a result of the fright that has existed for some time. I think probably I had better go just a little beyond that question and make sure that we all understand that as far as the farmer and his plans are concerned it is usually a case of long-term planning, with some modifications of course. There is not very much that a farmer can do by way of changing from one production plan to another quickly after he lays out his year's plan of farming operations, cropping operations—the pasture and the number of cattle they are going to keep, and so on. As a matter of fact we usually look forward much further than one year and we use our best judgment to arrive at a workable plan and try to work it out. Now, during the war years, as you are all aware, there was a ceiling here on butter prices which were purposely kept low, the purpose being a matter of national policy, and as I said before butterfat from the milk went into cheese; and there is a price relationship there, and the result is that a lot of butterfat went into cheese to supply the old country market because that was more attractive than the butter market was at the time, and that continued going on over a period of a few years, and that would have an effect on the farmers now. It was only changed last fall and, as I said, you cannot just change your farming program overnight. So that the decrease, or the deficiency period we are in at the moment is to my thinking a direct result of the continued low price for butterfat. The farmer realizing that it was not a very profitable undertaking had gotten out of it. He had switched in some cases particularly in eastern Ontario to cheese, where there was a ready opportunity to switch over probably; and then there was another switch which has taken place in another direction which I do not think has been mentioned

yet, and that is the switch to beef. Now, it may sound strange, but I think we should realize that cream producers are as a rule not keeping as highly specialized a dairy herd; in other words, they very often keep what we refer to as dual purpose types of animals, quite often the dual purpose shorthorn or beef animal and cross it with a dairy breed but not having the same butter characteristics or milk characteristics as the higher type of dairy herd. He may have taken advantage because of the scarcity of labour and the low price, or for any particular reason, of that kind and gone out of milk or cream production and gone into the raising of baby beef. And if the price of butter in relation to butterfat is such that it would seem to warrant him doing it he just does that, and that switch was being made. I know in my own part of the province that was made very extensively over the past few years. But there again the present shortage is brought about pretty much as a result of a continued program that has had as its purpose keeping butter prices down and even with an immediate rise you can hardly anticipate any immediate increase in production. You have to wait for it, that will come if the price sets high enough.

Mr. IRVINE: Would you care to make an estimate of what you would regard as a fair price for butterfat to the farmer having regard to the present costs of farm production?

Mr. WITNESS: That is a pretty difficult thing to do. I would suggest, and when I am saying this I base it on opinions I have heard expressed from a great variety of sources, that the present price is very acceptable.

Mr. IRVINE: As fixed?

The WITNESS: The price fixed.

The CHAIRMAN: That is to the producer?

The WITNESS: To the producer, yes. One fear is, of course, that the present fixed ceiling may stop, that the selling price may drop below the present ceiling, and many feel it would be better to have a floor price rather than a ceiling price so that the farmer would know that his income would not drop below a certain point.

By Mr. Monet:

Q. Now, Mr. Morrison, do you think that the speculator in butter serves any useful purpose when he is allowed to buy butter and sell butter and butter futures?—A. It may sound strange, but I think they do under present conditions.

Q. Would you explain that?—A. In this way: we find ourselves with an over production of butter, particularly during the season of good pasture, and someone has to own that butter, the farmer cannot continue to own it; some creameries are so equipped with storage space and finances that they can hold a certain amount, but in the main I do not think they could hope to hold it all for the winter months and the months of short supply. The consumers require butter and there is the service of storage and the service of financing it, and someone has to render that service. If no one bought the butter I do not know what we would do with it, I mean the producers. Someone has to buy it, and if no one else volunteers, if the speculator comes in and buys it and pays the service charges for storing and financing it he is serving a useful purpose because he buys from the producer. I would say he does tend to keep our prices from going completely out of sight.

Q. At the same time, Mr. Morrison, is it not a fact that this would also make the price go up?—A. Yes. I am not trying to build up the case for the broker or the speculator. I would say that under the circumstances he serves a useful purpose. We have had very definite suggestions that there should be something to take the place of the speculator, that there could be something we could

substitute in the place of the speculator. It might be done in one way or another. If we had some way of holding it we could maintain the price of butter and avoid many of the violent fluctuations in price that we now find.

The CHAIRMAN: Did I understand your answer to Mr. Monet's second last question to be that the institutions to which you have referred do cause a rise in price?

The WITNESS: I would rather call it the speculator.

The CHAIRMAN: Well, let's call it the speculator.

Mr. MERRITT: What is the alternative that you suggest to the speculator or broker? Who should hold the surplus butter in the surplus months if it is not the speculator or broker? You said you had some other better scheme in mind.

The WITNESS: And it seems to me that there is more than one way it could be held and more than one way that it should be held. The farmers themselves through their co-operatives, and they are the major shippers, might do it to a certain extent, but I am sure they could not do it all. And there is another piece of machinery which it seems to me is available.

The CHAIRMAN: Before you drop that though, the evidence we had yesterday was from a co-operative and it in turn sold to others.

The WITNESS: Yes, but they might extend the service of financing and holding butter until such time as it would be required.

By Mr. Merritt:

Q. Is there anything to prevent them doing that now?—A. No.

Q. Why don't they do it?—A. Limited finances. It would take millions and millions of dollars to do the job and their finances are limited, and there is also the question of physical limitations to their available storage space.

Q. What was the other way?

Mr. LESAGE: I do not think the witness has answered completely.

By Mr. Merritt:

Q. You said one way was for the farmer or co-operative to hold it, what is the other way?—A. It seems to me there is a piece of machinery in existence today and that is our Prices Support Board, as it is set up. If it should be policy to do so, it seems to me they could purchase butter as soon as it gets down to a certain level. It would be a government operation, of course.

Q. In other words, you are suggesting the government take a direct position in the butter market?—A. That is right.

Q. Those are the only two alternatives you have in mind?—A. Those are the only two I should like to suggest; that would, in effect, be a government floor price.

Q. Is there any way you can suggest to induce the farmer or the co-operative or the creamery to raise that extra money to go into the business of holding it in place of the speculator?—A. Not to act very quickly on it. From my knowledge of farm organizations, it is going to take a bit more understanding and perfection in our farm organizations before we can bring that into effect.

Q. In effect, you would have to take the man who speculates in that kind of thing and give him a position in the creamery or co-operative. He would then carry on the same job in the employ of the creamery as he is doing on his own account at present?—A. It is a service someone must render. We would have to get the best brains we could to do it.

Q. And the best brains would, presumably, come from the people who are acting as speculators?

By Mr. Mayhew:

Q. What would happen if he turned bear rather than bull? Your argument would not hold, would it?—A. Our thinking is very much in line with the thinking of many of us with regard to speculation on the grain exchange. We do not feel that human food, which is produced by the sweat of the brow and the work of farmers, which is needed badly by the consumers, that speculators should be allowed to play in between. We feel there is a better way of doing it, both as a service to the consumers and the producers.

By Mr. MacInnis:

Q. I have one question rising out of the answer you gave a moment ago that speculators serve a useful purpose during the period of high production by buying butter at that time. I think that is what you said.—A. Under the circumstances, yes.

Q. Do speculators, buying at that time, keep prices from going down?—A. Yes.

Q. Do speculators operate in the short production season?—A. It is my understanding there is some small operation going on from time to time. It is not as extensive as I think a great many people would—

Q. I just wanted to get the principle; if it serves a good purpose as you said it does in the high production season by taking butter off the market that might otherwise cause a fall in price, does it not tend to put the price up in the short production season?—A. Probably this would answer your question: We are extremely critical of the fact the speculator is in there at all but, under the circumstances, I do not know what you can substitute for him.

Q. You accept him as a necessary evil?—A. That is right.

By Mr. Merritt:

Q. Here is something I do not understand. It is my understanding of your evidence that it is these speculators who physically hold butter for the short season?—A. No.

Q. Who physically holds butter?—A. It is in storage; storage which is probably rented and so on, public storage.

Q. But held for the account of that speculator?—A. That is right.

Q. If you did not have someone who undertook to store butter for the winter season, if you let the price go down in the summer because there was no person prepared to hold or speculate, would not the butter go bad?—A. Well, yes.

Q. So you would not have any butter in the winter season?—A. That is what I say, somebody has to step in. It is a service which has to be rendered.

Q. This word "speculator" in this field has not got the evil connotation which I usually apply to the word, myself, has it?—A. No, you can build a case for him.

By Mr. Monet:

Q. Mr. Morrison, when there is a shortage in sight would your answer be the same, that the speculator would serve a useful purpose?—A. No.

Q. Is it not a fact that last fall there was a shortage in sight?—A. That is right.

By Mr. Pinard:

Q. In fact, so far as butter is concerned, there is always a shortage in this country. We are not producing enough butter for our own needs?—A. At certain times of the year, it is short. Over the years, I might say, we have done a fair job of matching demand and production.

Q. In other words, do you believe speculation in butter should not be encouraged in this country because of the fact butter is nearly always in

short supply?—A. Because of our climatic conditions which result in certain pasture conditions and cheapness of production, I think there is bound to be a large production in a few months of the year and the remainder spread over the year.

By Mr. Lesage:

Q. What is the difference in your mind between a speculator in butter and a holder of butter? It is important we know what you mean. What is the difference between a speculator or a broker of whom you spoke a moment ago or a holder? Are all holders, in your mind, speculators?—A. No.

Q. Are all brokers speculators?—A. No.

Q. Would you tell us when a broker or a holder becomes a speculator?—A. I am afraid I am getting into a field on which I do not feel too well posted. My conception of it is that a broker facilitates the getting together of the buyer and the seller. He does a brokerage business. The speculator is a man who purchases butter in anticipation, probably, of making a profit. Then, you get the other, perhaps a large handler of butter—it may be a chain store—

Q. A packing company?—A. A packing company and so on.

Q. Co-operatives?—A. Co-operatives; it may be any of those large concerns who, because of past business experience realize they have a large clientele to whom they furnish butter during the winter months. It is normal procedure for them to purchase butter during the high production season and hold it so they will be able to render that service during the off season; that is the normal course of trade.

Q. Those are people who are rendering a service?—A. Yes.

Q. They may, at a certain moment, become speculators?—A. They may, but I would suggest it is very limited on their part.

Q. Is it very limited?—A. To my knowledge.

Q. There is another group who are speculators?—A. That is right.

Q. All the time you were talking about the speculators, you meant people who are not in the butter business?—A. That is right; they may be doctors or lawyers.

The CHAIRMAN: Not lawyers—let it be clearly understood you are not referring to lawyers.

By Mr. Lesage:

Q. Those people are not rendering a service, but the holders are?

Mr. MACINNIS: Lawyers, never.

By Mr. Lesage:

Q. I should like to have an answer to that question. You said the speculators were rendering a service to the producer. You said a holder was one who stored butter or held it and was in the business rendering a service, but the speculators were not in the business?

By Mr. Mayhew:

Q. You did not mean the fellows who are buying butter on a margin?—A. I do not know what else you can call them. If, by stepping in and creating a demand and without them butter would be a drug on the market; if by their support you keep prices up, I do not know what else you could call them.

By Mr. Lesage:

Q. So, one cause of the rise in the price of butter would be the action of the speculator, is that correct?—A. Oh, no; I think they try to interpret what they can anticipate.

The CHAIRMAN: I cannot reconcile that answer with what you said earlier. Perhaps Mr. Lesage's question was not pointed enough in its context. You said earlier to Mr. Monet that in a short period speculators' actions did cause a rise in the price of butter?

Mr. MONET: That was the answer to my question.

The WITNESS: It would, at least, eliminate an undue dip or drop in prices.

Mr. LESAGE: Will you speak louder, please?

The WITNESS: It would probably reduce what would otherwise be a drop in prices.

By Mr. Mayhew:

Q. You mean the man who went into the market in July when butter production was high, invested in butter, put it into storage, and then resold it in the winter when prices were higher, would be doing a legitimate business?—A. Yes.

Q. That is what you mean by speculators, really, the men who invest in butter in July and sell it again during the winter?

The CHAIRMAN: Perhaps your use of the word "legitimate" introduces another angle. The point at issue is whether or not the actions of the speculator, operating in a scarcity period, have a tendency to increase the price of butter. Now, that may be a perfectly legitimate transaction as the law now exists. It is not a question of whether it is legitimate or not, it is a question of what the effect is on the price of butter.

Mr. MACINNIS: The witness made two statements and you have to set the one against the other. In the first instance, when the speculator operates during the high production period, he serves a useful purpose to the farmer by preventing a drop in the price of butter. Now, when production is low, the speculator operates at least against the interests of the consumer; I think that is it.

The CHAIRMAN: Has Mr. MacInnis accurately expressed your opinion now, because we have these two answers which seem to be contradictory.

The WITNESS: Yes, but I should like to get my own thinking correct. I believe you said a moment ago I referred to purchasing during a period of scarcity.

The CHAIRMAN: I meant during the period when production is low.

The WITNESS: I referred to the time when production is high and butter is plentiful.

By Mr. Lesage:

Q. I should like to go back to my point; when you mentioned speculators you meant people in the butter business?—A. Could I clear it up this way; that anyone who contributes to a condition which creates or firms the market price is rendering a service to the producers at a time when, otherwise, the price would likely drop.

Q. By buying on a margin?—A. Any way at all, so long as they create a demand.

Q. During high production?—A. As long as they keep the market firm. They keep the market firm for the producer.

By Mr. Merritt:

Q. The person to whom you are really referring as a speculator, as I understand it now, is the chap who is not holding stocks of butter as a regular business for the slack season, but who is in and out of the butter market. Is that the fellow to whom you refer as the speculator?—A. That is the one I think of, and I think most of us do.

Q. What percentage of the total purchases on the Montreal butter market are made by that type of speculator and what percentage by the man engaged in the business of maintaining the supply of butter throughout the year?—A. I cannot answer that question accurately. My understanding is it is quite small.

Q. What effect would it have on the price in terms of cents?—A. I could not answer that.

By Mr. Pinard:

Q. You have said that this person has rendered a service to the producer. Of course, you cannot say he has rendered a service to the consumer because a service to the consumer would mean a reduction in the price?—A. I think the consumer would be actually more satisfied if the price did not fluctuate as much as it does.

Q. If this action has always resulted in an increase in the past, you cannot say it has rendered a service to the consumer because the consumer is interested in having a decrease in price not an increase?—A. You can go into quite an argument on that.

Q. There is only one class that benefits from the speculator and that is the producer?

Mr. LESAGE: And the speculator himself.

By Mr. Pinard:

Q. The consumer receives no advantage from that?—A. May I correct one point? If someone has the idea that the producers are trying to establish the speculator as somebody we desire to have in there, I wish to say that is not correct at all. There is a service which someone must render. In the meantime, he is doing it, but we would rather see it rendered in a better way than he is doing it.

Q. The profits made the holder, plus the profits made by the speculator and other intermediaries are all charged, of course, to the consumer. Could you cite a case where a speculator, in recent years, has brought about a decrease in the price of butter?—A. No.

By Mr. Beaudry:

Q. Do speculators sometimes sustain losses or do they always make profits?

A. They sustain losses as well as make profits.

By Mr. Pinard:

Q. Would you say they did in the last year?—A. No one could very well lose money in butter in the last year.

By Mr. Merritt:

Q. When you refer to speculators, you do not object to the persons in the market who forward the buyer who is in the butter business; you like him there?—A. Definitely.

By Mr. Irvine:

Q. If your marketing agency had facilities for storing butter over the year to meet the demand in a proper way, you would not need the speculator?—A. That is right.

By Mr. Pinard:

Q. What would you say would be a reasonable margin of profit to leave the holder of butter when the butter leaves the firm and is sold to the consumer? What would be a reasonable margin of profit, in your opinion?—A. It is held varying lengths of time, sometimes not very long and sometimes several months. There have been certain increases in storage costs recently and, I confess, I am not up to date on that. I would prefer not to quote a figure on that.

Q. You cannot give a figure? Would you say 2 or 3 cents a pound would represent the profit taken by the holder?—A. I think you are going to have witnesses here who are much better qualified to answer that than I am.

By Mr. Lesage:

Q. The Wartime Prices and Trade Board figure that $\frac{3}{8}$ of a cent per month? —A. Yes but I understand costs have gone up since that, storage costs and so on.

The CHAIRMAN: Are there any other questions of this witness?

By Mr. Monet:

Q. I have one more question, Mr. Chairman. In your opinion, is the present price for butter fat sufficiently high in its relationship to the cost of production? —A. You bring in the question of the cost of production, and there has been a figure mentioned here before, I believe, of 74 cents. It is a figure that has been used on more than one occasion, to my knowledge, and has not been questioned very much. It is the figure which was used in Ontario when certain data was presented to the Commission enquiring into the whole milk business. Since that figure has been arrived at there have been definite increases in the cost of feed.

The whole thing is very complicated. When you are trying to arrive at the cost of production of a pound of butterfat, it is much more complicated than trying to arrive at the cost of a hundred pounds of whole milk. This is due to the fact that a large percentage is produced under varying conditions; that is, on pasture and so on. It is also due to the fact different types of cows are used and the ordinary herd of cattle which is used to produce cream is not as high a producing herd. There are so many factors that can enter into the calculation it makes it very difficult.

It seems to me there are two factors which do come into your calculations when you are talking about the cost of production, as to whether the present price-meets the cost of production and so on. The first factor is the relationship between cheese and butter. It has been mentioned here, and I wish to endorse it as a working formula, that 2 pounds of cheese roughly corresponds to 1 pound of butter in value. You see that would bring butter to around 66 cents a pound, solids, in Montreal, at the present time and that is not far off what it is. That relationship, I think, is fairly sound.

There is one other yardstick which I think we can use. When you go into the homes on farms where cream is produced you find that, almost all the labour-saving devices which we once thought of as luxuries and have since come to think of as necessities, are lacking. You will find these people living, comparatively speaking, in rather humble situations. It seems to me that is a fairly good indication that the prices we are receiving today for butterfat are not very high. If prices were high, you would find the farmers turning more rapidly towards butterfat and you would find the standard of living in these homes higher than it is. This would be true in spite of the fact the farmers derive only a portion of their total income from this source, as has been brought out here. These people work long hours. Often, it is the housewife, with the help of some members of the family, who does this work in order to make the money necessary to meet household expenses, buy clothes for the family and so on. It is only under those conditions to a large extent, that butterfat is being produced. I would submit that the present price of butter, judging by this yardstick, is certainly not too high, when you consider the cost of production.

Mr. MONET: That is all, Mr. Chairman; I have no more questions.

The CHAIRMAN: Are there any other questions of this witness?

Mr. MONET: The next witnesses I am calling are Mr. Lussier and Mr. Bois, of the Co-operative Federee de Quebec. Mr. Lussier is the manager of the butter department, I interviewed these gentlemen last night and they told me they could

not give their evidence properly in English. They wish they could, but unfortunately they feel they do not speak English well enough to speak to the members of the committee. They would, therefore, like to give their evidence in French.

I understand both these men can be sworn at the same time, as was done during the bread enquiry. If one cannot answer certain questions, the other may have to do so.

The CHAIRMAN: I wonder how best we can suit the convenience of members of the committee who do not understand French. Would a translation be desirable, or shall we let the witness proceed in French?

Mr. IRVINE: I think that would be all right, Mr. Chairman, there will be less discussion while the questioning is going on.

M. Henri Bois, gérant général de la Coopérative Fédérée de Québec, comparait.

Me Monet:

D. Monsieur Bois, voulez-vous donner votre prénom, s'il vous plaît?—R. Henri.

D. Votre occupation?—R. Gérant général de la Coopérative fédérée.

D. Gérant général de la Coopérative fédérée du Québec?—R. Du Québec.

D. Et votre adresse?—R. Saint-Bruno, comté de Chambly.

D. Comté de Chambly?—R. Oui.

M. Pinard:

D. Vous avez l'avantage de demeurer dans le comté de Chambly, c'est ravissant.—R. Oui.

M. MARTIN: Vous avez un bon député aussi.

Me Monet:

D. Depuis quand êtes-vous gérant de la Coopérative fédérée?—R. Depuis cinq ans.

D. Monsieur Bois, voulez-vous décrire les opérations de la Coopérative fédérée du Québec, dont vous êtes le gérant général?—R. La Coopérative fédérée—

D. Parlez lentement, s'il vous plaît. Je me permets de faire suite à la demande faite tout à l'heure—parlez très lentement afin que tous comprennent bien.—R. La Coopérative fédérée est faite de coopératives locales. Il y en a 468, qui groupent environ 48,000 cultivateurs. Ces coopératives locales sont des unités dans l'agglomération. Elles existent en vertu de l'une ou l'autre de deux lois provinciales: La loi des Coopératives et la loi des Syndicats coopératifs.

La Coopérative fédérée résulte de l'affiliation des coopératives locales ou, si l'on aime mieux, de la fédération. Cette fédération de la Coopérative fédérée est uniquement l'agent de vente ou le pourvoyeur ou l'acheteur—si vous aimez mieux—des marchandises d'utilité professionnelle dont les cultivateurs mêmes des coopératives locales peuvent avoir besoin.

Dans le cas des ventes, elles sont faites en consignation. En réalité, strictement parlant, ce n'est pas une vente—pour prendre le cas du beurre, par exemple, une coopérative locale qui fabrique du beurre expédie sa production en consignation à la Coopérative fédérée qui, elle, le vend, ce beurre-là, retourne à l'expéditrice ou à l'expéditeur, dans le cas la coopérative, le prix de vente moins une retenue. A la fin de l'année, les opérations—pour toujours rester dans le même cas du département du beurre—si elles montrent un bénéfice, donnent lieu à une remise additionnelle variable selon les bénéfices à chacune des sociétés locales en proportion de ce qu'elles ont expédié chez nous.

La société locale, à son tour, voit à faire parvenir au producteur membre la quote-part qui lui revient.

Les relations entre la Coopérative fédérée et les coopératives locales sont déterminées à la fois par la charte de la Coopérative fédérée, qui est une loi provinciale, et le contrat qui est intervenu entre la locale et la fédérée. D'après la loi, une coopérative locale souscrit 10 p. 100 de son capital ordinaire payé au capital de la Coopérative fédérée ce qui, en passant, leur donne le droit, les constitue, si l'on aime mieux les sociétaires de la Coopérative fédérée.

En vertu du contrat intervenu, la locale s'engage à expédier les produits qu'elle vend au nom de ses membres à la Fédérée ou à acheter de la Fédérée pour le bénéfice de ses membres les marchandises qui apparaissent au contrat.

Ce sont exclusivement des marchandises d'utilité professionnelle. Nous ne vendons pas de marchandises qui seraient d'intérêt pour les cultivateurs comme consommateurs ordinaires, comme les épiceries, par exemple, et tout ce qui s'ensuit.

Le beurre consigné chez nous est payé le deuxième jour qui suit la fin de notre semaine. Notre semaine n'est pas celle du calendrier; elle commence le mardi matin et va au lundi soir suivant.

Les arrivages d'une semaine ou de toutes les semaines sont vendus dans le cours de la semaine, au fur et à mesure, ordinairement sur une base du cinquième par jour, et les chèques sont mallés aux expéditeurs le mercredi de la même semaine.

Je ne sais pas si j'ai expliqué clairement que c'est du mardi matin au lundi soir de la semaine suivante et que les chèques sont expédiés le mercredi?

Le PRÉSIDENT: Très bien.

Le TÉMOIN: Je ne sais pas si je dois m'arrêter là ou bien solliciter vos questions ou entrer dans plus de détails.

Me Monet:

D. Monsieur Bois, avez-vous donné toutes les opérations de la Coopérative fédérée in l'exposé que vous venez de nous faire?—R. Relativement au beurre?

D. Relativement au beurre.—R. Voici. Comme je viens de vous dire, nous sommes essentiellement des agents de vente, mais nous possédons une beurrerie dont le rendement, l'an dernier, fut de 113,000 livres, alors que nos ventes totales s'élevaient à 21 millions de livres.

D. Où est située cette beurrerie?—R. Dans l'Abitibi.

D. Maintenant, je comprends que la proportion de beurre manufacturé dans cette beurrerie est infiniment petite comparée au nombre de livres de beurre qui vous passent en main?—R. Nous vendons 21 millions de livres et cette fabrique nous a livré 113,000 livres, je crois, l'an dernier.

D. Voulez-vous expliquer comment il se fait que vous avez cette fabrique à laquelle vous venez de référer?—R. Cette fabrique-là nous est venue comme pénalité de notre désir de bien faire.

D. Que voulez-vous dire par cela?—R. Parce que, à ce moment-là, elle a été établie pour permettre aux colons avoisinant La Sarre de trouver un marché où ils pouvaient écouler la crème de leurs troupeaux. Avec le temps, le pays s'est développé et les fournisseurs d'autrefois sont devenus membres d'autres coopératives dans les paroisses respectives, ce qui explique—

D. Que vous avez repris cette crèmerie-là, monsieur Bois?—R. Oui, qui n'est pas intéressante du tout.

M. Pinard:

D. Est-ce que je pourrais savoir quelle est la contribution qui est payée par les membres de la coopérative locale pour devenir membres de la Coopérative fédérée?—R. La contribution minimum exigée par la loi est de \$50.

D. \$50, payable—R. En quatre versements.

D. Maintenant, vous avez, dites-vous, 48,000 membres cultivateurs qui font partie de la Coopérative fédérée, c'est-à-dire qui sont membres des coopératives locales?—R. Oui, monsieur.

Me Monet:

D. Le montant que vous venez de mentionner, soit \$50, est payé par la coopérative, n'est-ce pas?—R. Il est payé par les sociétés qui veulent devenir membres d'une société locale—

M. Pinard:

D. Il est payé à sa coopérative locale?—R. Oui.

D. Est-ce qu'il y a une partie de la contribution qu'il a payée à sa coopérative locale qui va à la Coopérative fédérée directement?—R. Lorsque la coopérative locale s'affilie à la Coopérative fédérée, \$50 vont à la Coopérative fédérée pour son administration.

D. Pour son affiliation?—R.—

Me Monet:

D. Maintenant, monsieur Bois, vous avez dit tout à l'heure que les arrivages de beurre étaient tous vendus dans la même semaine; est-ce que j'ai bien compris cette remarque-là?—R. Oui, c'est notre pratique de vendre dans le cours de la semaine les arrivages de la semaine et s'il arrive que, quelques fois, il en est un résidu à cause de l'impossibilité de terminer des marchés, nous payons quand même sur la base de cette semaine et les résidus sont chose insignifiante, je ne les mettrais pas de l'ordre même de 2 p. 100. Ce ne sont que des transactions qui ne sont pas terminées; par exemple, un acheteur nous téléphone qu'il désire 500 boîtes de beurre le mardi midi, à un endroit donné, on le rencontre à 4 heures et cela ne se fait pas alors, cela va au mercredi.

M. Beaudry:

D. Dois-je comprendre, monsieur Bois, que cela veut dire que vous entreposez quelquefois pour des beurreries?—R. Oui, nous devons recevoir tout notre beurre et, là, nous devons nécessairement nous servir d'entrepôts. Nous avons en plus un certain commerce de détail qui, lui aussi représente peu de chose, mais qui nous oblige le long de l'année à garder un certain nombre de boîtes de beurre. Par exemple, en 1945, nous avons gardé 4,932 boîtes de beurre—

Me Monet:

D. A quelle époque de l'année, en 1945, était-ce cela, monsieur Bois?—R. Voici, nous vendons tout notre beurre; seulement, nous faisons une réserve pour nos clients de l'année qui va venir. Ce que je vous donne là, ce sont les quantités de beurre que nous avions en main à fin de décembre.

D. Le 31 décembre?—R. Le 31 décembre: 4,923 boîtes.

M. Beaudry:

D. De 56 livres?—R. De 56 livres. Nous avons pendant cette année même vendu 362,713 boîtes.

Le PRÉSIDENT: Cela vous plaît, monsieur Beaudry?

M. BEAUDRY: Merci, monsieur le président.

Le TÉMOIN: En 1946, nous avons 4,786 boîtes.

Me Monet:

D. Toujours au 31 décembre?—R. Oui, contre une vente totale de 324,869 boîtes. En 1947, nous en avons 6,712, contre une réception totale de 376,914.

M. Pinard:

D. Puis-je vous demander si le commerce de gros et le commerce de détail,—le commerce de détail est relativement peu considérable et le commerce de gros est considérable,—sont uniquement exercés par la Coopérative fédérée ou bien si les coopératives locales sont engagées dans ce commerce-là aussi—R. Pour ce qui regarde la Coopérative fédérée, les quantités que je viens de vous donner sont celles qu'elle a gardées pour fournir sa petite clientèle de détail à la fin de chacune des années que je viens de vous donner; pour ce qui regarde les coopératives locales, je ne pourrais pas vous répondre pour les 468 avec précision. Seulement, je puis vous dire que la pratique est celle-ci: Le petit commerce local, au point de vue beurrerie, se pratique comme ceci: dans un petit village, par exemple, la beurrerie fournit les villageois, garde parfois,—parfois pas,—la quantité de beurre nécessaire à son petit commerce local.

Il y a beaucoup de beurreries coopératives locales, par exemple, qui nous demandent de leur fournir du beurre l'hiver.

D. En somme, tout cela est variable, tout cela dépend de la coopérative locale et de ses approvisionnements?—R. Oui, monsieur.

D. Il peut y en avoir qui ont un développement qui leur permet d'en distribuer beaucoup et d'en envoyer à d'autres et, dans d'autres cas, c'est le contraire?—R. Oui.

D. Maintenant la ristourne que vous payez, parce qu'il y a une ristourne que vous payez—

Me MONET: Monsieur Pinard, à ce moment-ci, puisque vous entrez sur ce terrain-là, nous allons produire une pièce justificative.

M. LESAGE: Avant d'entrer sur ce terrain des ristournes, est-ce que je pourrais poser une question au témoin?

Me MONET: Certainement.

M. Lesage:

D. La coopérative locale est obligée de vous vendre toute sa production de beurre en vertu du contrat, sauf ce qui a été vendu sur place aux clients de la paroisse ou dans le village, n'est-ce pas?—R. Oui, monsieur.

D. Les villageois achètent leurs provisions à l'automne et la coopérative locale, en vertu de son contrat avec la Fédérée, est obligée de vendre à la Fédérée le surplus de sa production?—R. C'est la pratique générale.

D. Est-ce que la coopérative locale est obligée de vous vendre sa production à mesure?—R. Elle la vend à mesure.

D. Est-ce qu'elle n'a pas de facilités d'entreposage?—R. Les coopératives locales n'ont pas de facilités d'entreposage. Il y a une chambre froide juste suffisante pour garder la production d'une semaine afin de l'accumuler pour l'expédier.

D. Vous avez oublié de dire où est situé le siège social de la Fédérée?—R. 130 S.-Paul, est, Montréal.

M. Beaudry:

D. Est-ce que je puis revenir sur une question? Est-ce que je dois commencer par votre réponse, Monsieur Bois, que vous—même vous n'avez pas, ou peu près pas, de facilités d'entreposage, normalement, pour 50 p. 100 de la vente dont vous parliez tout à l'heure?—R. Nous avons des facilités d'entreposage; c'est-à-dire que, comme tout le monde, nous pouvons en louer.

D. Mais dans la pratique?—R. Dans la pratique, nous avons à Québec, dans l'établissement du Marché Champlain, un entreposage d'une capacité d'environ 7,000 boîtes.

D. Est-ce que cela sert de centre, ou plutôt est-ce que cela est le seul centre d'entreposage?—R. De beurre, oui. A Montréal, il y a deux petites chambres froides de 1,200 boîtes de beurre.

D. C'est la maximun?—R. En tout et partout, c'est un entreposage pour 2,000 livres de beurre, à peu près.

M. Lesage:

D. Est-ce que vous avez dit que vous n'aviez pas l'intention d'entrer dans l'entreposage du beurre?—R. D'abord il y a la question de finance. Ensuite, il y a aussi une autre question, une autre raison, qui peut être interprétée de façons diverses. Nous ne croyons pas, sur une période d'années, que ce soit une entreprise très profitable pour des gens comme nous. Pour une entreprise qui dispose de moyens de vente de beurre en liaison avec d'autres produits, cela peut être différent, mais pour nous, nous croyons que cela n'est pas très avantageux, ordinairement. Il peut survenir des années où cela sera avantageux.

D. A cause de la finance? Cela est la première raison; la deuxième, c'est à cause du risque que cela comporte et, en troisième lieu, c'est parce que vous ne pouvez vendre au gros? Est-ce cela?—R. Oui, monsieur.

Me Monet:

D. Monsieur Bois, voulez-vous produire,—et cela sera produit comme exhibit 58.—un état comparatif de vos opérations de beurre pour les années 1940 à 1947 inclusivement.

COOPÉRATIVE FÉDÉRÉE DE QUÉBEC—MONTREAL

Etat comparatif des remises de beurre 1940 à 1947

1	2	3	4	5	6	7	8	9	10
Années	Quantité en boîtes	Quantité en livres	Ventes	Remises aux fabriques	Prix moyen remis aux fabriques à la livre (sous)	Trop-perçus bruts	Sous par livre	Frais directs	Trop-perçu déduction des frais d'administration ou "overhead"
			\$ c	\$ c		\$ c		\$ c	\$ c
1947.....	376,914	21,107,193	10,936,523 25	10,747,603 03	0.509	188,920 22	0.89	83,625 33	(a)105,294 59
1946.....	324,869	18,371,730	7,251,727 26	7,151,203 26	0.3892	100,524 00	0.54	56,812 41	43,711 59
1945.....	362,713	20,311,928	6,956,379 72	6,866,628 41	0.338	89,751 31	0.44	48,663 40	41,087 91
1944.....	294,046	16,466,576	5,650,593 41	5,545,576 67	0.336	105,016 74	0.63	48,146 23	56,870 51
1943.....	296,643	16,612,008	5,609,153 75	5,510,144 67	0.331	99,009 08	0.59	53,680 98	45,328 10
1942.....	178,273	9,983,288	3,409,626 06	3,473,342 98	0.347	63,716 92	0.63	39,468 73	24,248 19
1941.....	222,766	12,474,896	4,139,190 57	4,215,197 40	0.337	76,006 83	0.60	40,561 84	35,444 99
1940.....	188,924	10,579,744	2,497,975 44	2,563,374 79	0.242	65,399 85	0.61	31,607 42	33,792 43

(a) Pour l'année 1947—Trop-perçu avant déduction des frais d'administration ou "overhead"

Frais généraux pour service de beurre..... \$ 105,294 59

Profit net..... 55,080 52

50,214 07

M. Pinard:

D. Je n'ai qu'une question à vous poser; je veux vous demander ceci: Lorsque la ristourne est payée, une ristourne non pas seulement sur le beurre, mais sur les autres denrées qui peuvent être transigées en coopératives, est-ce que vous faites la répartition de la ristourne?—R. C'est une question très discutée dans les cercles des coopérateurs de savoir s'ils doivent faire une seule ristourne, en condition du client ou du montant d'argent dépensé par les membres de ces coopératives, ou faire la ristourne d'une façon différente. Pour répondre avec autant de précision que je le puis à votre question, je dois dire que nous essayons d'arriver à une ristourne unique. Et ceci à cause de l'uniformité ou de la quasi-uniformité des fermes de la province de Québec. Pour les fermes à culture diversifiée et dont les propriétaires, lorsqu'ils sont coopérateurs, ont besoin de leur coopérative tantôt pour ceci, tantôt pour cela, une année on peut le faire dans une ligne et une autre année dans une autre, mais si on fait la moyenne, on s'aperçoit que la ristourne unique serait aussi avantageuse.

D. A quelle période payez-vous en vertu de vos règlements?—R. Après l'assemblée annuelle, dans le mois de mai ou de juin, lorsque les coopératives locales produisent leurs documents attestant ce que leurs clients ont donné, les affaires qui ont été faites avec nous, et nous, nous vérifions de notre côté.

D. La ristourne comprend en même temps le résidu, cela est fait sur les produits que vous aviez reçus. J'ai compris tantôt que vous faisiez un résidu?—R. Oui, monsieur.

D. Pour le résidu et la ristourne, cela est fait en même temps?—R. Oui, et elle est de cinq dixièmes ou de six dixièmes de sou; il y a des dépenses à enlever et ce qui reste est distribué au coopérateur en proportion de sa clientèle. Un seul versement est fait par la Fédérée aux membres.

D. Savez-vous si la distribution est faite par la locale de la même manière?—R. En principes, oui.

M. Beaudry:

D. Monsieur Winters me suggère une question. Il est capable de l'écrire en français, mais il ne veut pas se fier à sa prononciation. Est-ce que toutes les coopératives de la province de Québec appartiennent à la vôtre?—R. Non monsieur. Il y a 636 coopératives agricoles. Je ne parle que des coopératives agricoles. Dans la province de Québec, il y en a 468. Les deux tiers environ des coopératives de la province de Québec sont membres de la Coopérative de Québec.

M. Pinard:

D. Pouvez-vous dire si les autres sont groupées en une coopérative quelconque?—R. Non, monsieur. Elles sont toutes indépendantes, à ma connaissance.

M. Lesage:

D. Au point de vue de la production du beurre dans le Québec?—R. La sentent quelle proportion de la production du beurre dans le Québec?—R. La production totale est 22 à 23 p. 100 de la production totale de tout le beurre.

Le PRÉSIDENT: C'est considérable.

Me Monet:

D. De toute la production de la province de Québec?

Le TÉMOIN: Oui, monsieur.

M. Pinard:

D. Est-ce qu'il vous est possible de nous dire de quelle façon, comment vous êtes arrivé à cette proportion?—R. Si vous le permettez, j'ai une petite correction à faire, ici, c'est 22 p. 100 du beurre de beurrerie. Evidemment, je parle du beurre de beurrerie.

D. Sur quoi établissez-vous ce calcul-là, cette proportion?—R. En prenant la production totale et en établissant le pourcentage de nos ventes.

D. Qui est-ce qui vous fournit la production totale et la vente?—R. Les statistiques.

M. LESAGE: Monsieur Monet, est-ce qu'il serait temps de demander de quelle façon,—peut-être avez-vous l'intention de le lui demander plus tard,—de quelle façon les coopératives locales procèdent?

Me MONET: J'allais justement lui poser la question.

M. LESAGE: C'est plus à point quand vous le faites vous-même.

Me MONET: Après que monsieur Bois aura décrit les opérations de la Coopérative fédérée, il pourra nous décrire une coopérative locale. Avant de passer à cette question sur la vente du beurre qui vous passe en mains, voulez-vous dire aux membres du comité où vous vendez le beurre qui vous passe en mains?—R. Nous en vendons une petite proportion, comme je l'ai dit tout à l'heure, aux commerces de détail, à des détaillants.

Me MONET: Cette proportion serait combien, à peu près?—R. 21,500 boîtes.

M. PINARD: En quelle année, cela?

Me MONET: C'est pour l'année 1947.

M. BOIS: 21,500 boîtes sur....

Me MONET: 376,914, n'est-ce-pas?

M. BOIS: Nous avons vendu dans le cours de l'année 167,825 boîtes au Commodity Exchange; le reste, soit 187,589 boîtes a été vendu à d'autres acheteurs en gros, en demi-gros ou à des "jobbers". C'est bien ce que vous voulez n'est-ce-pas?

Me MONET: C'est bien ce que je veux. En aucun temps, en 1947 et à venir au 31 janvier 1948, vous êtes vous départi de votre habitude de vendre tout le beurre qui vous arrivait au cours de la semaine de l'arrivée?—R. Non, monsieur. Nous avons, cependant, constitué, comme je le disais tout à l'heure, notre réserve annuelle pour notre clientèle.

Me MONET: De 6,712 boîtes? Est-ce que ce sont des boîtes de 56 livres?—R. Oui.

Me Monet:

D. Pour l'année 1947, je comprends bien que, sur un total de 21,107,193 livres de beurre qui sont passées entre vos mains, vous aviez, à la fin de décembre 1947, 300,000 livres?—R. Approximativement.

D. Et vous dites qu'au cours de la période de janvier 1941 à décembre 1947, vous ne vous êtes pas départi de vendre votre beurre dans la semaine de l'arrivée?—R. Non, monsieur.

D. De sorte que, en aucun temps, dans la période de 1941 à 1947, vous n'avez eu en mains plus de beurre que vos arrivages de fin de chaque semaine?—R. Plus ce qui a été accumulé pour la réserve que j'ai mentionnée tantôt.

Mr. MONET: Mr. Chairman, I am finished with Mr. Bois. We expect to have Mr. McLean of Canada Packers as a witness tomorrow morning.

The committee adjourned, to meet again on Thursday, March 18, 1948, at 11 a.m.

TRANSLATION OF MR. BOIS' EVIDENCE

Mr. Henri Bois, General Manager of La Coopérative Fédérée de Québec, called:

By Mr. Monet:

Q. Mr. Bois, please give your Christian name?—A. Henri.

Q. What is your occupation?—A. General manager of the Coopérative Fédérée.

Q. And your address?—A. St. Bruno, Chambly county.

Q. Chambly county?—A. Yes.

By Mr. Pinard:

Q. You have the good fortune of living in Chambly county, that is delightful.—A. Yes.

Mr. MARTIN: You also have a good member of parliament.

By Mr. Monet:

Q. How long have you been manager of la Coopérative Fédérée?—A. Five years.

Q. Mr. Bois, will you describe the operations of la Coopérative Fédérée de Québec, of which you are the general manager?—A. La Coopérative Fédérée—

Q. Please speak slowly. I venture to repeat the request made a moment ago. Speak very slowly so that all may clearly understand.—A. La Coopérative Fédérée is an organization composed of local co-operatives. There are 468, which group some 48,000 farmers. These local co-operatives are units of the aggregation. They exist by virtue of one or the other of two provincial statutes, the Co-operatives Act and the Co-operative Syndicates Act.

La Coopérative Fédérée resulted from the affiliation of the local co-operatives or, if one prefers, from federation. This federation or la Coopérative Fédérée is solely the sales agent or the purveyor or the purchaser—if you prefer—of the occupational goods the farmers belonging to the local co-operatives may need.

Sales are effected on a consignment basis. Strictly speaking, it is really not a sale—take the case of butter, for instance: a local co-operative which makes butter ships its product on consignment to the Cooperative Fédérée which, in turn, sells this butter, turns over to the shipper or to the co-operative, as the case may be, the sale price less a deduction. At the close of the year's operations—I am still dealing with the butter department—if these operations show a profit, an additional remittance is made, on the basis of the profits made, to each of the local societies in the ratio of the shipments they have sent us.

The local society, in turn, forwards to the producer member the share to which he is entitled.

The relations between the Coopérative Fédérée and the local co-operatives are determined both by the charter of the Coopérative Fédérée, which is a provincial Act, and the contract entered into by the local body and the federated organization. Under the Act, a local co-operative subscribes 10 per cent of its ordinary paid-up capital stock to the capital of the Coopérative Fédérée, which entitles them to membership, constitutes them, if one prefers, the members of the Coopérative Fédérée.

By virtue of the contract entered into, the local co-operative undertakes to ship the products it sells on behalf of its members to the Fédérée for the benefit of its members and the goods listed in the contract. These goods are exclusively what might be called goods for occupational use. We do not sell goods in which farmers would be interested as regular customers, goods such as groceries and other more or less similar goods.

The butter consigned to us is paid for the second day that follows the end of our week. Our week is not the calendar week; it starts on a Tuesday morning and runs to the following Monday night. The arrivals for one week or for all the weeks are sold during the week, ordinarily on the basis of one-fifth per day, and the cheques are mailed to the shippers on the Wednesday of the same week. I do not know whether I explained clearly that the week runs from the Tuesday morning to Monday night of the following week and that the cheques are put in the mail on Wednesday.

The CHAIRMAN: Very well.

The WITNESS: I do not know whether I should stop at this point or else wait till you question me or go into more details.

By Mr. Monet:

Q. Mr. Bois, have you outlined all the operations of the Coopérative Fédérée in the statement you have just made to us?—A. With reference to butter?

Q. With reference to butter.—A. Well, as I have just stated, we are essentially selling agents, but we own a creamery which last year had an output of 113,000 pounds, while our total sales amounted to 21,000,000 pounds.

Q. Where is this creamery located?—A. In Abitibi.

Q. Now, I gather that the percentage of butter manufactured in this creamery is infinitely small compared with the number of pounds of butter that pass through your hands?—A. We sell 21,000,000 pounds of butter and this plant delivered, I believe, 113,000 pounds to us last year.

Q. Would you explain how you happen to have this creamery to which you have just referred?—A. This creamery came to us as a penalty for our desire to do the right thing.

Q. What do you mean by that?—A. Because it was established at that time to provide the settlers in the neighbourhood of La Sarre with a market where they could sell the cream from their dairy herds. That area developed in time and the former suppliers became members of other co-operatives in their respective parishes, which explains—

Q. That you took back that creamery, Mr. Bois?—A. Yes, which is far from being an interesting proposition.

By Mr. Pinard:

Q. Could you tell me what contribution the members of the local co-operative pay to become members of the Cooperative federee?—A. The minimum contribution required by law is \$50.

Q. \$50, payable— —A. In four instalments.

Q. Now, you state that you have 48,000 farmer members who belong to the Cooperative federee, that is to say they are members of the local co-operatives,—A. Yes, sir.

By Mr. Monet:

Q. The amount of \$50 which you have just mentioned is paid by the co-operative, is it not?—A. It is paid by the societies which wish to become members of a local body—

By Mr. Pinard:

Q. It is paid to the local co-operative?—A. Yes.

Q. Is there a portion of the contribution which he paid to his local co-operative that goes directly to the Cooperative federee?—A. When the local co-operative affiliates with the Cooperative federee, \$50 are paid over to the Cooperative federee for its administration.

Q. For its affiliation.

By Mr. Monet:

Q. Now, Mr. Bois, you said a short while ago that the arrivals of butter were all sold within the same week; is that what I gathered from your statement?—A. Yes, we make it a practice to sell the week's arrivals during the week and if it sometimes happens that there is a carry-over by reason of the impossibility of closing deals, we pay nevertheless on the basis of that week's operations, for the carry-overs are of little consequence, I would not even estimate them as high as 2 per cent. They relate merely to deals that have not been completed; for instance, a buyer telephones us that he wants 500 boxes of butter Tuesday noon, at a given place. He is met at 4 o'clock and things do not click; hence, the supply is carried over to Wednesday.

By Mr. Beaudry:

Q. Am I correct in saying, Mr. Bois, that means you sometimes store butter for creameries?—A. Yes, we must receive all our butter and we must of necessity make use of warehouses. We also carry on a certain retail trade which also amounts to little, but which compels us to keep throughout the year a certain number of boxes of butter. For instance, in 1945 we held 4,923 boxes of butter.

By Mr. Monet:

Q. At what time of the year 1945 was that, Mr. Bois?—A. Well, we sell all our butter, but we keep a reserve for our customers in the coming year. The figures I have just given you cover the quantities of butter we had on hand at the end of December.

Q. December 31?—A. At December 31, 4,923 boxes.

By Mr. Beaudry:

Q. Boxes of 56 pounds?—A. Of 56 pounds. We had sold 362,713 boxes during that year.

The CHAIRMAN: That answers your question, Mr. Beaudry?

Mr. BEAUDRY: Thank you, Mr. Chairman.

The WITNESS: In 1946 we had 4,786 boxes.

By Mr. Monet:

Q. Always as at December 31?—A. Yes, by comparison with a total sale of 324,869 boxes. In 1947 we held 6,712 as against a total consignment to us of 376,914.

By Mr. Pinard:

Q. May I ask you whether the wholesale trade and the retail trade—the retail trade is relatively small and the wholesale trade is extensive—are carried on solely by the Cooperative federee or do the local co-operatives also engage in that trade?—A. As for the Cooperative federee, the quantities which I have just given you are those it kept on hand to supply its small retail custom at the end of each of the years I have just given you. As for the local co-operatives I cannot answer you definitely in regard to the 468. However, I can tell you that the following practice obtains: the small local trade, from the standpoint of the creamery, is conducted in this manner in a small village, for instance. The creamery supplies the villagers, sometimes keeps—sometimes not—the quantity of butter needed for its small local trade. There are many local co-operative creameries, for instance, which ask us to supply them with butter in winter.

Q. In short, all that is variable, that all depends on the local co-operative and its supplies?—A. Yes, sir.

Q. Some of them may be organized to the point where they are in a position to distribute a large quantity and send some to others and, with other co-operatives, it is the opposite?—A. Yes.

Q. Now, with reference to the patronage dividend you pay, because you do pay a patronage dividend—

Mr. MONET: Mr. Pinard, at this time, seeing that you broach this subject, we will file an exhibit.

Mr. LESAGE: Could I ask the witness a question before we go into this matter?

Mr. MONET: Certainly.

By Mr. Lesage:

Q. The local co-operative is obliged to sell you its whole butter output by the terms of the contract, with the exception of the quantity sold on the spot to the customers in the parish or in the village?—A. Yes, sir.

Q. The villagers purchase their supplies in the autumn and the local co-operative, under the terms of its contract with the Co-opérative fédérée, is obliged to sell its surplus output to the Co-opérative fédérée?—A. That is the general practice.

Q. Is the local co-operative obliged to sell you its output accordingly as produced?—A. It sells its output accordingly as produced.

Q. Has it no storage facilities?—A. Local co-operatives have no storage facilities. There is a refrigeration room just large enough to accumulate and keep a week's output preparatory to shipping.

Q. You forgot to say where the head office if the fédérée is located?—A. At 130 St. Paul Street East, Montreal.

By Mr. Beaudry:

Q. May I revert to a previously discussed question? Must I gather from your answer, Mr. Bois, that you yourselves have normally no storage facilities or practically none for 50 per cent of the quantity of butter sold you mentioned a moment ago?—A. We have storage facilities; that is to say, we can lease storage space as others do.

Q. But in actual practice?—A. In actual practice we have in Quebec, in the Champlain Market building, storage of a capacity of about 7,000 boxes.

Q. Does that place serve as a centre; or rather is it the only storage centre?—A. For butter, yes. In Montreal there are two small refrigeration rooms with a capacity of 1,200 boxes of butter.

Q. That is the maximum?—A. All told, there is storage space for about 2,000 boxes of butter.

By Mr. Lesage:

Q. Did you say that you did not intend to go into the butter storage business?—A. In the first place, there is the question of finances. Then there is another question, another reason, which can be interpreted in different ways. We do not believe that it would be for people like us a very profitable undertaking for a number of years. It may be different with an enterprise which has butter-selling facilities linked up with other products, but with us we believe that is not advantageous, ordinarily. There may come years when that will be advantageous.

Q. By reason of the financing angle? That is the first reason; the second reason is connected with the risk involved and, thirdly, it is due to the fact that you cannot sell wholesale?—A. Yes, sir.

By Mr. Monet:

Q. Mr. Bois, will you file, and that will be entered in the records as Exhibit 58, a comparative statement of your butter operations for the years 1940 to 1947 inclusively?

EXHIBIT No. 58—Comparative statement of butter operations, 1940-1947,
Co-opérative Fédérée de Québec.

SPECIAL COMMITTEE

COOPÉRATIVE FÉDÉRÉE DE QUÉBEC—MONTREAL

Comparative statement of Butter operations 1940-1947

1 Year	2 Quantity in boxes	3 Quantity in pounds	4 Sales \$ cts.	5 Remittances to creameries \$ cts.	6 Average price paid to creameries per lb.	7 Gross profit \$ cts.	8 Gross profit per lb.	9 Direct expenses \$ cts.	10 Profits before administration or overhead expenses \$ cts.
1947	376,914	21,107,193	10,936,523 25	10,747,603 03	0-509	188,920 22	0-89	83,625 33	(a) 105,294 59
1946	324,869	18,371,730	7,251,727 26	7,151,203 26	0-3892	100,524 00	0-54	56,812 41	43,711 59
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1940	188,924	10,579,744	2,497,975 44	2,563,374 79	0-242	65,399 85	0-61	31,607 42	33,792 43

(a) For year 1947—Profit before administration or overhead.
General expenses of butter department.....

\$ 105,294 59
55,080 52

Net Profit.....

50,214 07

By Mr. Pinard:

Q. I have but one question to ask you; I want to ask you this: when the patronage dividend is paid, a patronage dividend applicable not only to butter but covering the other commodities which the co-operatives may handle, do you distribute the patronage dividend?—A. Among co-operators it is a much discussed question to determine whether they should declare a single patronage dividend on the basis of the trade or of the amount of money spent by the members of these co-operatives, or whether the patronage dividend should be figured out differently. In order to answer your question as accurately as I can, I must say that we try to establish a single patronage dividend. And this is done by reason of the uniformity or the near-uniformity of farms in the province of Quebec. In respect of farms where production is diversified and the owners of which, when they are co-operators, need their co-operative sometimes for this and sometimes for that, one may do so one year with reference to one commodity and another year with reference to another commodity, but if one takes an average it is noted that the single patronage dividend would be just as advantageous.

Q. At what time do you pay in compliance with your by-laws?—A. After the annual meeting, in the month of May or June when the local co-operatives file their records, certify as to what their customers gave, the business transacted with us, and we check up on our own account.

Q. The patronage dividend comprises at the same time the balance, that is done in connection with the products you have received. I gathered a moment ago that you determined a balance?—A. Yes, sir.

Q. The calculations regarding the balance and the patronage dividend are done at the same time?—A. Yes, and it amounts to five-tenths or six-tenths of a cent; there are expenses to be deducted and what is left is distributed to the co-operator in the ratio of his patronage. The federee makes one single payment to its members.

Q. Do you know if the local co-operative makes the distribution in the same manner?—A. In principle, yes.

By Mr. Beaudry:

Q. Mr. Winters suggests a question to me. He is able to write it in French, but he does not want to trust to his pronunciation. Are all the co-operatives in the province of Quebec affiliated with your organization?—A. No, sir. There are 636 co-operatives. I am speaking only of the agricultural co-operatives. There are 468 of them in the province of Quebec. Two-thirds of the co-operatives in the province of Quebec are members of the Cooperative de Quebec.

By Mr. Pinard:

Q. Do you know if the others are grouped in any particular co-operative?—A. No, sir. To my knowledge they are all independent.

By Mr. Lesage:

Q. With reference to the production of butter, your 468 co-operatives account for what percentage of the butter output in Quebec?—A. The total output varies between 22 and 23 per cent of the whole output of butter.

The CHAIRMAN: That is an extensive output.

By Mr. Monet:

Q. Of the whole production of the province of Quebec?—A. Yes, sir.

By Mr. Pinard:

Q. Are you in a position to tell us how you determined this percentage?—A. If you will allow me, I should like to make a small correction here. The percentage of 22 per cent refers to creamery butter. Obviously, I am speaking of creamery butter.

Q. On what do you base that calculation, that percentage?—A. By taking the total production and establishing the percentage of our sales.

Q. Who supplies you with the data relevant to total production and sales?—A. The statistics are our source of information.

Mr. LESAGE: Mr. Monet, would this not be the place to inquire in what manner—perhaps you intended asking him that later on—the local co-operatives operate?

Mr. MONET: I was just going to ask him that question.

Mr. LESAGE: It is more to the point when you do so yourself.

By Mr. Monet:

Q. After Mr. Bois has finished describing the operations of the Cooperative federee he will describe to us the workings of a local co-operative. Before passing on to that question, will you tell the members of the committee where you would sell the butter that you handle?—A. We sell a small portion, as I said a moment ago, to the retail trade, to the retailers.

Q. That portion would amount to about how much?—A. 21,500 boxes.

Mr. PINARD: In what year was that?

Mr. MONET: That refers to the year 1947.

The WITNESS: 21,500 boxes out of—

Mr. MONET: 376,914, is it not?

The WITNESS: During the year we sold 167,825 boxes to the Commodity Exchange; the remainder, 187,589 boxes, was sold to other wholesale buyers, wholesalers dealing in small quantities and to jobbers. That is really the information you want, is it not?

By Mr. Monet:

Q. That is really what I want. In 1947 and up to January 31, 1948, you never departed at any time from your practice of selling all the butter during the week of arrival?—A. No, sir. However, we did set up, as I said a moment ago, our annual reserve for our customers.

Q. A reserve of 6,712 boxes? Were those 56-pound boxes?—A. Yes.

Q. If understand correctly, for the year 1947 out of a total of 21,107,193 pounds of butter which you handled you had on hand at the end of December, 1947, 300,000 pounds?—A. Approximately.

Q. And you say that during the period from January, 1941, to December, 1947, you did not depart from your policy of selling your butter within the week of arrival?—A. No, sir.

Q. So that at no time in the period extending from 1941 to 1947 did you have on hand more butter than the quantity represented by your arrivals by the end of each week?—A. Plus that which was accumulated for the reserve I mentioned a moment ago.

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SESSION 1947-48
HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 27

THURSDAY, MARCH 18, 1948

WITNESSES:

- Mr. Henri C. Bois, General Manager, Coopérative fédérée de Québec,
Montreal, Que.
Mr. J. E. Lussier, Chief of Butter Department, Coopérative fédérée de
Québec, Montreal, Que.
Mr. J. S. McLean, President, Canada Packers Limited, Toronto, Ont.
Mr. A. J. E. Child, Assistant Treasurer and Chief Auditor, Canada Packers
Limited, Toronto, Ont.
Mr. Ford Wiggins, Manager, Produce Department, Canada Packers
Limited, Toronto, Ont.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY

1948



MINUTES OF PROCEEDINGS

THURSDAY, March 18, 1948.

The Special Committee on Prices met at 11.00 a.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Beaudry, Cleaver, Harkness, Irvine, Lesage, MacInnis, Martin, Maybank, Mayhew, Merritt, Pinard, Winters.

Mr. Fabio Monet, K.C., Counsel to the Committee, in attendance.

Mr. Henri C. Bois, General Manager, and Mr. J. E. Lussier, Chief of butter department, Cooperative fédérée de Québec, were recalled and Mr. Bois was further examined in French. (*Translation of evidence appears at the end of this day's proceedings.*)

Witnesses retired.

Mr. J. S. McLean, President, Mr. A. J. E. Child, Assistant Treasurer and Chief Auditor, and Mr. Ford Wiggins, Manager, Produce Dept., Canada Packers Limited, Toronto, were called, sworn and examined.

Mr. McLean filed,—

Exhibit No. 59—Memorandum on butter operations—Canada Packers Limited. (Printed in this day's Minutes of Evidence.)

At 1.00 p.m. witnesses retired and the Committee adjourned until 4.00 p.m. this day.

AFTERNOON SITTING

Members present: Messrs. Cleaver, Fleming, Harkness, Irvine, Johnston, Lesage, MacInnis, Martin, Maybank, Merritt, Pinard, Winters.

Mr. Fabio Monet, K.C., Counsel to the Committee, in attendance

Messrs. McLean, Child and Wiggins were recalled and further examined.

Mr. McLean filed,—

Exhibit No. 60,—Twentieth Annual Report of Canada Packers Limited as at 27th March, 1947.

At 6.00 p.m. Mr. McLean was released and Messrs. Child and Wiggins retired until the next sitting. The Committee adjourned until Friday, March 9, at 11.00 a.m.

R. ARSENAULT,

Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

March 18, 1948

The Special Committee on Prices met this day at 11.00 a.m. The Chairman, Hon. Paul Martin, presided.

The CHAIRMAN: Will you proceed, Mr. Monet? Have you your witnesses there?

Mr. MONET: Yes.

The CHAIRMAN: How long do you expect these witnesses will take?

Mr. MONET: I do not think it will last more than 15 or 20 minutes at the most, Mr. Chairman.

M. J.-E. Lussier, chef du service du beurre et du fromage de la Coopérative fédérée de Québec, comparaît.

Me Monet:

D. Monsieur Lussier, vous avez été assermenté hier en même temps que M. Bois, et je crois que vous avez omis de donner votre prénom et votre adresse.—R. J.-E. Lussier.

D. Et votre adresse?—R. 7254, rue Saint-Denis, Montréal.

D. Voulez-vous nous dire quelle est votre occupation dans la Coopérative fédérée de Québec?—R. Chef du service du beurre et fromage.

M. Henri-C. Bois, gérant général de la Coopérative fédérée de Québec, est rappelé.

Me Monet:

D. Monsieur Bois, voulez-vous référer maintenant à la pièce qui a été produite sous la cote 58 et expliquer aux membres du comité les différentes entrées qu'on y trouve pour l'année 1947, en commençant, évidemment, par la deuxième colonne, puisque la première ne fait que donner l'année. Voulez-vous expliquer aux membres du comité ce que signifient les chiffres dans la deuxième colonne?—R. Dans la colonne n° 2, 376,914 indique les quantités de boîtes de beurre qui furent reçues pendant l'année 1947; en livres cela fait 21,107,193 livres.

D. Attendez donc un instant. Voulez-vous dire le beurre qui a été déposé en consignment par les unités locales?—R. Plus la quantité que nous avons en mains au premier janvier 1947.

D. 21,107,193 livres pour l'année 1947?—R. Oui, monsieur.

D. Et maintenant la colonne no 4?—R. C'est la valeur des ventes faites qui est représentée par ce montant de \$10,936,523.25.

D. Et la colonne no 5?—R. C'est la remise à nos fabriques. Le montant que nous avons retourné aux consignateurs, \$10,746,603.03.

D. C'est le montant remis de la façon que vous avez expliquée hier?—R. Oui, monsieur.

D. Je comprends que vous faites cette remise toutes les semaines?—R. Oui, monsieur.

D. Et que signifie le chiffre indiqué dans la colonne 6?—R. C'est le prix moyen par livre de beurre payé aux fabriques, •509.

D. En d'autres termes, ce chiffre représente le montant remis, la livre, à chacune des unités locales?—R. Oui, monsieur.

D. Pour le nombre de livres correspondant qu'ils vous ont envoyées?—R. Oui, monsieur.

D. Et pour la colonne 7, monsieur Bois?—R. C'est le total des commissions perçues sur ces ventes, \$188,920.22.

D. Voulez-vous expliquer aux membres du comité ce que vous entendez par commission perçue?—R. Chaque semaine, nous calculons ce que représentent nos frais directs, les dépenses inhérentes, réception, manipulation et vente du beurre, et nous avons une certaine allocation pour les frais généraux...

D. Pardon si je vous interromps; je ne sais pas si vous avez compris ma question. Je crois que ce à quoi vous réferez dans le moment est dans les colonnes 9 et 10. Dans le moment, nous en sommes à la colonne n° 7. Vous vous êtes servi de l'expression "retenue", voulez-vous nous dire ce que vous entendez par cette expression "retenue"?—R. C'est le montant que nous retenons, que nous gardons pour notre administration, pour nos frais directs, par livre de beurre qui nous est expédiée.

D. En d'autres termes, vous voulez dire que cela représenterait une commission?—R. Oui, monsieur.

D. Et cette commission, à la livre, si je compernds bien, se trouve reportée dans la colonne n° 8?—R. Oui, monsieur.

D. Et cela représente quel montant?—R. 0.89 de sou par livre. Il y a une petite erreur, là, de 0.02.

D. Je ferai remarquer aux membres du comité que, sur la pièce 58, il y a une correction à faire pour l'année 1947. On devrait lire 0.89 au lieu de 0.87.

For the benefit of the members of the committee who did not hear what I just said...

Mr. MacINNIS: Did not understand.

Mr. MONET: Did not understand—I think I talk loud enough for you to hear—in column 8 of exhibit 58, the first line, for the year 1947, a correction should be made, and the figures should read 0.89 instead of 0.87. I understand Mr. Bois wants to be very precise.

Me Monet:

D. Monsieur Bois, ceci représente donc la commission, si on peut l'appeler ainsi, gagnée par la Coopérative fédérée, la commission brute, par livre de beurre qui lui passe entre les mains?—R. Oui, monsieur.

D. En d'autres termes, vous faites une commission brute de moins d'un sou par livre?—R. Une commission de sept huitièmes, exactement.

D. Et à la colonne 9, vous indiquez les frais directs. Voulez-vous expliquer aux membres du comité ce que vous entendez par les frais directs?—R. Toutes les dépenses inhérentes, les produits, le transport, l'entreposage, la manipulation, certains frais de vente connus d'avance,—parce que, lorsque nous vendons du beurre au Commodity Exchange, il y a une charge d'un sou la boîte,—toute la main-d'œuvre, tout ce qui en un mot est directement rattachable au beurre.

D. Et avez-vous calculé le montant par livre, pouvez-vous donner le montant par livre, ce que ce chiffre-là représenterait?—R. Je ne l'ai pas.

D. Maintenant, voulez-vous expliquer aux membres du comité ce que vous entendez par frais d'administration, ou "overhead", tel que mentionné dans la colonne n° 10?

M. LESAGE: Ce ne sont pas les frais d'administration, c'est le profit.

Me MONET: Les frais perçus, déduction des frais d'administration ou "overhead".

M. LESAGE: Les profits, avant d'avoir enlevé les frais d'administration généraux.

Le TÉMOIN: \$105,294.59, c'est le montant qui reste pour être appliqué au paiement des frais généraux et aussi pour être utilisé, une fois les frais généraux couverts, en retour ou en paiement final des transactions du beurre. C'est le montant pour couvrir les frais d'administration et aussi pour couvrir la ristourne ou la remise finale, s'il y en a une.

M. Lesage:

D. Aux coopératives locales?

Me MONET: D. Et c'est le montant que vous retournez à la fin de votre année fiscale?—R. Déduction faite des frais généraux.

D. Je vois, monsieur Bois, qu'il y a une note sur la pièce 58, une référence à l'année 1947, en ce qui concerne ce montant de \$105,294.59. Dois-je comprendre que vous n'avez pas les chiffres correspondants pour les années antérieures à 1947?—R. Non, je ne les ai pas.

D. Et pour l'année 1947, voulez-vous nous dire quels ont été les frais généraux qui ont été affectés au service du beurre?—R. Ils apparaissent au bas de la page, \$55,080.52.

D. Ce qui établit le montant de \$50,214.07, le profit net de vos opérations pour l'année 1947.—R. Oui, monsieur.

D. Dois-je comprendre que ce montant de \$50,214.07 est le montant qui a été retourné aux unités locales?—R. Il a été retourné sur la base suivante: Le pourcentage de remise finale s'établit à $\frac{1}{2}$ p. 100 et il est retourné aux coopératives locales en proportion de la valeur de vente du beurre qui provenait de ces mêmes sociétés locales. Si ces sociétés locales nous envoient pour \$100,000 de beurre, nous leur donnons $\frac{1}{2}$ p. 100 sur ce \$100,000, et ainsi de suite.

D. Monsieur Bois, pouvez-vous donner aux membres du comité le montant net de commission qui restait à la Coopérative fédérée de Québec pour l'année 1947?—R. Si je prends 0.89 de sou pour la commission brute, si j'en déduis $\frac{1}{2}$ p. 100, cela représente à peu près $2\frac{1}{8}$. 0.89, c'est à peu près $\frac{7}{8}$, et j'ôte $2\frac{1}{8}$, il me reste cinq huitièmes de sou, représentant le coût du service rendu, le coût de la vente, plus, s'il reste quelque chose, le gain qu'il y aura. Or, si on prend $\frac{1}{2}$ p. 100, et si l'on comprend que 95 p. 100 du beurre reçu ou consigné provenait des sociétés affiliées, si on fait la multiplication de l'un par l'autre, en valeur, on va arriver à peu près à \$50,000, \$51,000 ou \$49,000. Ce qui veut dire qu'en définitive il resterait, au maximum, à peine \$1,500 à \$2,000. Je ne peux pas donner plus de précision parce que les réclamations des sociétés nous parviennent actuellement et les affaires seront réglées dans le mois de mai ou en juin.

D. Pour le moment, d'après les chiffres que vous avez en mains, quel pourcentage par livre ou quelle commission nette restera à votre maison?—R. Pratiquement zéro.

M. Lesage:

D. C'est-à-dire, monsieur Bois, qu'une fois le coût de vos opérations payées et une fois la ristourne payée aux coopératives locales, le seul profit net qui pourrait vous rester sur vos opérations de beurre pour l'année 1947 serait un profit net de \$1,500 à \$2,000, et peut-être zéro?—R. A peu près.

Me Monet:

D. Voulez-vous maintenant décrire brièvement,—la question a été posée hier par un des membres du comité,—quelles sont maintenant les opérations des unités locales coopératives?—R. Les coopératives locales fonctionnent d'après les mêmes principes que la centrale, ou on peut dire, inversement, que la centrale fonctionne d'après les mêmes principes que les sociétés locales. La société locale est faite de producteurs, exclusivement, de cultivateurs. Chacun d'eux y a mis ou y a souscrit un montant égal, uniforme, de \$50, disons. Ils ont acheté

ou construit une beurrerie, ils l'exploitent d'après le mieux de leurs capacités. Ils reçoivent le beurre des membres et, dans Québec, dans nos paroisses, des autres cultivateurs qui veulent y venir aussi. Ils établissent, par un bureau de direction élu en vertu de la procédure habituelle des coopératives,—un homme, un vote,—ils établissent le tarif à être chargé pour le prix du beurre. A la fin de l'année, les profits, s'il y en a, sont distribués aux membres et aux non-membres. Aux membres certainement, aux non-membres selon la décision de l'assemblée générale. Et, ils sont répartis exactement sur la même base que nous travaillons nous-mêmes, c'est-à-dire d'après la quantité de gras de beurre apportée par chacun. Ces sociétés s'affilient chez nous et, à notre tour, nous appliquons les services que nous rendons, nous donnons l'excédent, lorsqu'il y en a, sur la même base.

M. PINARD: Monsieur Winters aurait quelques questions à poser, je ne sais pas si c'est le bon moment de le faire.

M. LESAGE: Avez-vous fini, monsieur Monet?

Me MONET: Oui.

M. Winters:

D. Vendez-vous du beurre aux provinces maritimes?

Le PRÉSIDENT: Je vous félicite, monsieurs Winters.

Le TÉMOIN: Un peu, nous ne vendons pas une grosse quantité de beurre dans les provinces maritimes.

M. Winters:

D. A qui?—R. Vous me posez une question à laquelle je ne peux pas répondre exactement, mais, de mémoire, je suis à peu près certain que nous vendons à la Swift Canadian et à d'autres dont les noms m'échappent.

D. A Moncton?—R. Oui, monsieur.

D. Quel est le prix du "freight", du transport?—R. Il est vendu F.O.B. Montréal ou F.O.B. Québec et les frais de transport sont à la charge, évidemment, de l'acheteur.

M. Pinard:

D. Je n'ai que deux questions à vous poser. Nous avons entendu hier un témoin nous donner son opinion sur l'utilité du Commodity Exchange au sujet de la vente du beurre, de la distribution du beurre. Etes-vous en mesure de nous donner votre propre opinion sur ce point-là? Est-il avantageux pour vous qu'il y ait une distribution du beurre par l'entremise du Commodity Exchange?—R. Au point de vue des distributeurs?

D. Au point de vue des distributeurs, d'abord, et des consommateurs, ensuite?—R. Au point de vue du producteur, le Commodity Exchange offre un marché permanent. Il y a toujours des possibilités de vendre du beurre, ou à peu près toujours, au Commodity Exchange. Les producteurs, naturellement, trouvent souvent que les prix ne sont pas assez hauts et, par suite de leur mécontentement, si je peux employer ce mot, ils s'imaginent qu'il peut y avoir des manipulations au Commodity Exchange, des collusions.

D. Entre les différents acheteurs pour établir un prix, est-ce cela que vous voulez dire?—R. Oui, monsieur.

D. Vous utilisez les facilités qui vous sont offertes par le Commodity Exchange?—R. Absolument.

D. Vous leur vendez à peu près quelle proportion de votre beurre?—R. 67,000 boîtes l'an dernier.

D. Etes-vous d'avis que le Commodity Exchange, d'une façon générale, pour la distribution du beurre, est un avantage, ou n'est-ce pas plutôt un avantage pour le Commodity Exchange, étant donné que le beurre est presque toujours rare au Canada?—R. C'est justement ce qui fait la difficulté. Le beurre est

une production saisonnière. Les mois de mai, juin et juillet sont des mois de grosse production et, habituellement, ce sont les mois de bas prix. Cela peut s'expliquer et cela s'explique, quand on songe aux frais de l'entreposage et à l'intérêt sur l'argent, etc., que doivent supporter ceux qui achètent du beurre à ce moment-là pour être distribué ultérieurement. Mais, ce qui est facile à comprendre, aussi, c'est que si, de la part du Commodity Exchange, l'offre est meilleure pour le fabricant, il arrive un moment où les gens deviennent trop enthousiastes ou trop optimistes, ou trop pessimistes, et là, le sentiment d'un, de deux ou de trois a une grosse chance d'influencer l'attitude des huit, dix, douze ou quinze acheteurs qu'il peut y avoir aux alentours.

D. De sorte que le prix est souvent basé sur l'opinion d'un membre, sur l'attitude d'acheteurs plus convaincants les uns que les autres?—R. Probablement.

D. Maintenant, dans un autre ordre d'idées, monsieur Bois, voulez-vous nous dire quelle est la politique que suit votre Coopérative en matière de distribution du beurre, quelle est sa politique au point de vue du profit?—R. Le beurre nous apparaît—et je vous donne ici l'opinion de notre bureau de direction—la vente du beurre nous apparaît beaucoup plus comme un service que comme une entreprise où il faut retirer des gains. Parce que le beurre constitue, pour un très grand nombre des cultivateurs du Québec, la source principale de leur revenu, et nous nous efforçons, étant simplement les représentants des cultivateurs, nous nous efforçons, dis-je, de protéger leurs intérêts sur les marchandises principales de plus de valeur qui viennent des fermes, et c'est pour cette raison que notre attitude vis-à-vis de ce département est de limiter ces gains à peu près au montant que nous prévoyons nécessaire pour couvrir les frais directs et d'administration.

D. C'est pour cela que vous disiez tantôt que, pour 1947, par exemple, vous prévoyez un profit net de tout au plus \$1,500 à \$2,000?—R. D'à peu près zéro.

D. Et c'est votre vœu de ne jamais dépasser cette proportion-là et de considérer le commerce du beurre plutôt comme un service pour la population?—R. Exactement.

D. Et vous suivez cette politique-là pour quelles autres commodités, par exemple? Le faites-vous pour les œufs?—R. On le fait pour certains autres produits: le fromage, les œufs et la volaille.

D. Pour les mêmes raisons?—R. Pour les mêmes raisons.

M. LESAGE: Monsieur le président, j'aurais quelques questions à poser au témoin, si vous me le permettez.

Le PRÉSIDENT: Oui, très bien, monsieur Lesage.

M. Lesage:

D. Monsieur Bois, nous avons posé certaines questions à M. Turnbull, le secrétaire de la coopérative de la Saskatchewan, et je désire connaître votre opinion sur certaines choses à propos desquelles nous l'avons questionné. Pourriez-vous nous dire ce que vous considérez, par exemple, comme une juste rémunération au cultivateur pour une livre de gras de beurre? Pour vous faciliter la réponse, je vous poserai une double question: D'abord, durant la saison de la grosse production, en 1947, et, deuxièmement, s'il y a une différence à partir de décembre 1947, en janvier 1948, en février 1948?—R. Si vous voulez savoir quelle est mon opinion quant au prix que le beurre aurait dû se vendre dans le cours de l'année 1947, particulièrement au moment où le gros de la production s'en venait sur les marchés, je devrais vous dire que c'est à peu près 55c.

D. La livre de beurre?—R. La livre de beurre.

D. Maintenant, quel aurait dû être le retour, dans votre opinion, par livre de gras, au cultivateur, pour que ce soit considéré comme une juste rémunération?—R. Par livre de gras, ajoutez à peu près 20 p. 100.

D. A peu près 20 p. 100?—R. A peu près le cinquième.

D. Alors, cela ferait 63c. la livre de gras?—R. 63c. la livre de gras.

D. Quand vous dites 55c. la livre de beurre, est-ce le prix de gros sur le marché de Montréal ou si c'est le prix de détail?—R. C'est le prix de gros sur le marché de Montréal.

D. Quand vous parlez de prix, c'est toujours le prix de gros sur le marché de Montréal?—R. Oui.

D. Maintenant, dans les mois de décembre, janvier et février, pour produire du beurre dans les conditions de cette période-là, plus particulièrement dans les conditions dans lesquelles on se trouve dans la province de Québec en hiver, quelle serait une juste rémunération par livre de gras au cultivateur?—R. Entre 72 et 75c.

D. Entre 72 et 75c. la livre de gras?—R. Pour un cultivateur de la province de Québec qui veut avoir des vaches en lactation l'hiver et qui tient à les soigner, oui, c'est entendu.

D. Vous calculez qu'une rémunération juste pour les cultivateurs, dans les circonstances, serait de 72 à 75c. la livre de gras?—R. Oui.

D. Ce qui veut dire un prix de 67 à 68c. au gros sur le marché de Montréal? C'est le prix fixé par la Commission des Prix, n'est-ce pas?—R. Oui, monsieur.

D. Et un prix moindre, alors, serait injuste pour les producteurs dans la province de Québec?—R. Serait injuste pour les producteurs et serait de nature à empêcher la production.

D. Alors, un prix moindre serait injuste pour les producteurs et serait de nature à empêcher la production?—R. Ils ne feront pas de production l'hiver à moins que les prix n'atteignent ce niveau.

D. Et, cet hiver, il s'en fait un peu parce que les prix atteignent ces niveaux?—R. Oui. Mais il est une chose qu'il faut toujours avoir présente à l'esprit lorsque l'on discute cette question de prix; le prix qui devrait exister et toute la production—si l'on veut lier les deux idées—devraient être convenus des mois à l'avance afin de pouvoir être réalisés. Il n'y a jamais moyen de procéder autrement. Quand bien même on offrirait \$1 la livre de gras, la réponse n'est plus au cultivateur, elle est aux vaches...

D. Alors, il faut que le cultivateur prépare sa production des mois et des mois à l'avance?—R. Oui, monsieur.

D. Maintenant, évidemment, l'augmentation des prix du grain, après que les subsides ont été enlevés et que les contrôles ont été enlevés, constitue une source d'augmentation du prix de revient pour les cultivateurs, en particulier en ce qui regarde la production d'hiver chez nous?—R. Oui, monsieur.

D. Le marché des grains a fluctué beaucoup, il y a eu des fluctuations brusques après que les contrôles des prix ont été enlevés?—R. Absolument.

D. Est-ce que vos coopératives sont favorables à ce que les grains d'alimentation soient sous le contrôle du "Wheat Board" au lieu de demeurer sous le contrôle du "Winnipeg Grain Exchange"?—R. C'est l'opinion qui est émise.

D. Evidemment, en autant que les provinces passeront une législation concurrente, qui rendra la chose constitutionnelle. C'est là, évidemment, une question légale, sur laquelle je ne vous demanderai pas votre opinion.

Maintenant, monsieur Bois, dans un autre ordre d'idées, vous dites que vous avez vendu 40 p. 100, en 1947, de ce qui vous est passé par les mains au "Commodity Exchange" de Montréal?—R. Oui.

D. Savez-vous à qui ce beurre-là a été vendu?—R. Oui.

D. Vous le savez?—R. Oui, monsieur.

D. Evidemment, l'autre 60 p. 100, vous le savez également?—R. Oui, monsieur.

D. Pourriez-vous fournir au comité, après que vous aurez fini de témoigner, par l'intermédiaire de M. Monet, la liste de ceux à qui vous avez vendu du beurre tant sur le "Commodity Exchange" que directement?—R. Oui, monsieur.

D. Pour toutes vos ventes au-dessus de quel chiffre,—quelque chose qui aurait du bon sens, pas de toutes petites ventes? Qu'est-ce que l'on pourrait indiquer comme chiffre? Je vais prendre votre opinion.—R. Disons mille boîtes.

D. Mille boîtes, avec la date de la vente et le prix auquel il a été vendu et le nom de l'acheteur?—R. Oui.

Me Monet:

D. Monsieur Bois, je comprends que mille boîtes cela veut dire 56,000 livres?—R. Oui.

D. Alors, voulez-vous mettre 500 boîtes seulement? Vous n'y voyez pas d'objection, monsieur Lesage?

M. LESAGE: C'est très bien.

Me MONET: C'est que j'ai une raison pour suggérer cela.

M. LESAGE: Oui, c'est très bien. C'est vous qui aurez à fouiller là-dedans.

Me MONET: C'est parce que cela donne 25,000 livres et j'ai réalisé que, dans certains cas, cela pourrait peut-être être intéressant plus tard.

M. LESAGE: J'aurais encore quelques questions à poser au témoin.

D. Avez-vous actuellement du beurre en entrepôts?—R. Nous n'avons pas une livre de beurre en entrepôt. Ce que nous avons en main, c'est le beurre, les quelques...

D. Centaines de livres...—R. Non, je dirais peut-être 20 ou 50 boîtes, que la production hebdomadaire nous amène; mais de beurre en entrepôt, notre propriété, nous n'en avons pas. Nous avons du beurre que nous gardons pour des clients qui l'ont acheté et qui le laissent en entrepôt jusqu'au moment de la livraison.

D. Est-ce que ce sont de grandes quantités ou bien si c'est pour des particuliers, des magasins de détail?—R. Principalement pour des acheteurs en gros; alors, les quantités doivent être assez considérables, quelques milliers de boîtes.

D. Vous en avez quelques milliers de boîtes actuellement?—R. Oui, monsieur.

D. Vous savez que l'on parle dans les journaux d'Ottawa, de Montréal et de Québec de la rareté actuelle du beurre, n'est-ce-pas? Vous avez vu cela?—R. Oui, monsieur.

D. M. Taylor, le président de la Commission des prix, a déclaré dans son témoignage qu'il y avait, au premier mars, au Canada, en entrepôts, 19 millions de livres de beurre et que la production de mars serait d'à peu près 12 millions, ce qui fait 31 millions de livres; que la consommation en mars serait d'environ 20 millions de livres, ce qui fait que l'on commencerait, au premier avril, avec une quantité de 10 millions de livres au Canada. Maintenant, êtes-vous d'opinion qu'il est possible, à aucun moment donné, de sortir des entrepôts et de transporter aux endroits où c'est le plus nécessaire n'importe quelle quantité de beurre?—R. Je ne sais pas très bien votre question... C'est physiquement possible, toujours.

D. C'est physiquement possible, mais c'est économiquement impossible, n'est-ce pas?—R. Cela se pourrait, avec les prix qui existent.

D. Je comprends que le beurre qui est gardé dans de petits entrepôts de la Saskatchewan, qui peut être en petites quantités, ne peut pas être transporté par chemin de fer économiquement en très petite quantité?—R. Non, monsieur.

D. Et s'il y a de très nombreuses fabriques qui en ont de petites quantités, cela peut venir à faire un montant assez considérable et cela peut expliquer que, malgré le fait qu'il y ait du beurre dans les entrepôts actuellement, c'est tellement diversifié qu'il est excessivement difficile de le transporter, à un moment précis, à un autre endroit, parce que la distribution en est excessivement difficile?—R. Et très coûteuse.

D. Et très coûteuse?—R. Et très coûteuse; elle coûte chère. Si l'on parle de recueillir de petits lots de 150, 200, 300 boîtes sur un territoire comme celui

de la Saskatchewan, par exemple, je ne sais pas combien de centaines de milles il faudrait parcourir avant d'avoir une charge raisonnable.

D. Avant d'avoir une charge raisonnable?—R. Oui.

D. La production du beurre va recommencer dans les premiers jours d'avril d'une façon plus considérable, n'est-ce pas?—R. Oui, monsieur.

D. Alors, cette rareté, peut-être locale, n'est que très temporaire, n'est-ce pas?—R. Oui, monsieur.

D. Certainement que oui?—R. Oui.

Me Monet:

D. Monsieur Bois, juste un mot avant que vous nous quittiez. Voulez-vous me donner le nom d'une des unités coopératives locales les plus importantes qui font affaires avec votre maison,—une ou deux des plus importantes?—R. Il y a la coopérative de Mont-Laurier, comté de Labelle; il y a la coopérative de Lac-Mégantic, dans le comté de Frontenac...

D. C'est très bien, je vous remercie, j'en ai suffisamment.

M. Pinard:

D. Une seule question, monsieur Bois. Le gérant de la coopérative de la Saskatchewan nous a dit au cours de son témoignage que le prix de production, de fabrication totale d'une livre de beurre était de 45c. aux mois de juin et juillet 1947; voulez-vous nous dire quel est le coût de fabrication totale pour vos coopératives?—R. Lorsque l'on a fait cette affirmation, on a inclus évidemment le coût du gras dans la livre de beurre.

M. Lesage:

D. Et le coût de la livre de gras, n'est-ce pas, dépend du prix auquel vous pouvez vendre le beurre?

M. PINARD: C'est la question à laquelle je veux en venir.

Le TÉMOIN: On ne peut pas dire le coût de fabrication d'une livre de beurre; je l'établirais plutôt par les quantités; il varie, dans la province de Québec, de 5c. à 5½c. au plus et, encore, cela dépend du volume de production. Une fabrique qui a un rendement de 500 mille livres, ou de 300 mille livres, est évidemment beaucoup mieux qu'une fabrique qui n'a qu'un rendement de 50 ou 75 mille livres.

M. PINARD: C'est-à-dire que, dans le coût de la production de la Saskatchewan, c'était 2c. de plus que ce qui était payé au producteur.

M. LESAGE: C'était 5c.

M. PINARD: En effet, 5c. Alors, pour vos propres coopératives, quel est le coût?

Le TÉMOIN: De fabrication?

M. PINARD: Oui.—R. Il varie suivant les coopératives et leur volume de fabrication.

D. Il peut être différent dans chaque coopérative?—R. Oui, absolument.

M. MONET: C'est la raison, monsieur Pinard, pour laquelle je demandais que l'on me donne les noms d'une ou deux coopératives, car il sera peut-être très intéressant plus tard de faire faire la suite du témoignage de M. Bois par le représentant de l'une de ces coopératives, et c'est d'ailleurs mon intention d'en assigner une autre plus tard.

Le PRÉSIDENT: C'est tout?

M. MONET: Oui.

Le PRÉSIDENT: Merci, monsieur Bois.

Mr. MAYHEW: Could we have a breakdown, by months, of the quantities of butter for 1946 and 1947? It is given here by years and it would be interesting to have it by months because then you could tell how long this carry-over has been.

Me Monet:

D. Pouvez-vous nous donner, par mois, la quantité mentionné par 1946 et 1947? Would you want it for all years?

Mr. MAYHEW: No, just for 1946 and 1947.

Me Monet:

D. Voulez-vous diviser votre montant en nous démontrant en mois le nombre de livres de beurre et, ensuite, me l'envoyer à mon adresse?—R. Oui.

M. MONET: Je vous remercie, monsieur Bois.

Le PRÉSIDENT: Je vous remercie, monsieur Bois, et je vous félicite.

(Translation appears at the end of this day's proceedings.)

Mr. MONET: The next witness is Mr. McLean of Canada Packers Limited.

J. S. McLean, President, Canada Packers Limited, called and sworn.

By Mr. Monet:

Q. Mr. McLean, will you please give the members of the committee your full name?—A. James Stanley McLean.

Q. And your address, Mr. McLean?—A. 1225 Bayview, Toronto.

Q. And your present occupation, I understand, is president of Canada Packers?—A. President, Canada Packers.

Mr. MONET: Now, Mr. McLean, Canada Packers were requested a short while ago to give the members of the committee on prices certain information. This request was made through counsel and I wish to say I am glad this information has been received. It is very complete and gives counsel all the facts which were requested, as well as some information which was not requested.

This information has been gathered in a memorandum entitled "Canada Packers Limited, Memorandum on butter operations for the House of Commons Committee on Prices."

I am showing you this memorandum, Mr. McLean, and I take it you accept this as being the memorandum submitted by your company?

The WITNESS: That is correct.

Mr. MONET: This memorandum, Mr. Chairman, should be filed as Exhibit 59.

By Mr. Monet:

Q. Mr. McLean, would you tell the members of the committee the date of incorporation of Canada Packers Limited?—A. The date of incorporation?

Q. Yes.—A. August 15, 1927.

Q. The head office is located where?—A. Toronto.

Q. Now, on page 1 of your memorandum, Mr. McLean—I am sorry, I understand you have a statement to make?—A. I prepared a short statement, sir, as a sort of background. There is a great deal of data here which would be rather confusing without a skeleton background of explanation. I thought it would assist the members of the committee if this short statement were prepared in explanation. It will only take five or six minutes to deliver.

Mr. MONET: I wish I had read the statement before.

The WITNESS: I am sorry, but it was not completed until a short time ago.

Mr. MONET: If there are any figures in this statement, I take it they will be in accordance with the figures submitted in the memorandum?

The WITNESS: That is what the statement is for, to explain the figures.

Mr. MONET: I have no serious objection to this procedure, but I wish I had seen this statement before.

The WITNESS: I am sorry I did not speak to you about it, sir, but I completed this statement only this morning.

The CHAIRMAN: Mr. McLean, we are in the hands of counsel, here—

Mr. MONET: It is all right. I shall not change my line of questioning, but shall follow the same line of questioning after the statement has been delivered.

The CHAIRMAN: As I understand this statement, it is explanatory of Exhibit 59.

Mr. WINTERS: I think we should have it, Mr. Chairman.

The WITNESS: I think it will be helpful to yourself and to the members of the committee if this background statement is read.

In the following memorandum I am taking it as established national policy, which has been followed by successive governments for many years, that Canada should so far as possible produce her own requirements of butter.

Conditions of climate—

Mr. LESAGE: The acoustics in this room are very poor, so I wish you would raise your voice a little.

The CHAIRMAN: Speak as though you were at a political meeting.

The WITNESS: Conditions of climate in Canada are such that a surplus of butter is produced during five months, May to September inclusive. During the remaining seven months, October to April inclusive, production is less than sufficient to meet current requirements.

Table No. 1—Now, along with this statement you will find two tables which I judge have been delivered to you. Table No. 1, if you will look at that for a moment, shows the production picture in colours. You will see that from January to April inclusive the figures are all red; that means that during these six months the production of butter in Canada is less than consumption.

In January, 1947 consumption was 12,576,000 pounds more than production; in February, 7,453,000, and so on; then when you get down to May production was 12,326,000 pounds more than consumption. That was the total. The surplus months you will notice further on begin in May, except in the year 1946 when there was a minute surplus in April.

Mr. WINTERS: Excuse me, Mr. McLean, were these figures obtained from the Bureau of Statistics?

The WITNESS: Yes, but I thought that would be useful if set up in colours as showing the periods of surplus production and of deficit production. Red figures indicate the deficit months, in which consumption exceeds production; and black figures indicate the surplus months, in which production exceeds consumption.

During the surplus months butter is stored to meet the requirements of the deficit months. In storage the butter is carried at a temperature of zero to ten below. If the butter placed in storage is selected carefully for quality it keeps to the end of the storage period in perfect condition.

During the storing period (May to September) it is impossible to foretell what quantity of butter will be produced currently during the deficit months ahead (October to April). Production during these months depends upon crops,—not yet harvested—and upon many other conditions. Therefore there is no exact formula for determining what quantity of butter should be stored.

If more than sufficient butter is stored, the market during the period of withdrawal is weak, and those who store make a loss.

If less than sufficient butter is stored, the market during the withdrawal period is strong, and those who store make a profit.

The history of the trade has been that, over a period of years, storage operations have resulted in a small profit.

No figures are available which show results on storage operations for all Canada, but those of Canada Packers for the years 1939 to 1947, inclusive,

appear on table No. 2. For those nine years, it will be seen that the total quantity of butter stored was 46,214,000 lbs.

For those nine years (if you will look at sheet 2) it will be seen that the total quantity of butter stored was 46,214,000 lbs. I might explain that the columns show the quantity of butter stored (ooo's omitted). I put in there the years where storages were abnormally heavy because of large quantities stored especially for the Red Cross. The next column shows the average cost per pound of butter stored; and the next column shows the selling price; the next column shows the profit or loss in the year on the storage operations in the year; and the next column shows that profit or loss in cents per pound. For instance, in 1939 there were 3,729,000 pounds stored at an average cost of 25.98 cents, with an average selling price of 21.16 cents and a loss of \$169,103, or 4.82 cents per pound. Now, that is just on the butter stored which is quite a different thing from the total operations of the company. You see, the company buys all of its butter currently during the producing months and half of its butter currently during the withdrawing months, so that the final column shows the total butter operations for that year, 1939. The total butter handled by the company including storage was 24,345,000 pounds, a loss of \$180,653, or .74 cents per pound; and that follows down year by year—\$26,000,000, \$25,000,000, \$29,000,000, etc.; and the average for the eight years from 1939 to 1947 inclusive, the total quantity stored is 262,925,000 pounds and it shows a profit of \$625,395, or .23 cents per pound. You will notice that in this memorandum which I have sent around I have separated this last year (1948—to March 1st)

Shall I go on?

Mr. MONET: You can keep on, but I can see now that all of my questions relate exactly to what the witness is referring to in the memorandum which is before members of the committee and on which I wish to question him. However, you can keep on.

Mr. MACINNIS: I think we should have the information.

Mr. CLEAVER: Before the witness leaves this table No. 2—

The CHAIRMAN: I think counsel would prefer that there be no questions. His plan of action has been to interrogate the witness and he would prefer that system to be followed. Is that right, Mr. Monet?

Mr. MONET: For the information of the members of the committee I must state that I have in mind about a hundred questions relating to Exhibit 59, from page 1 to the end, which I was going to ask the witness later on.

Mr. IRVINE: This witness?

Mr. MONET: Yes. So after the statement is read, Mr. Chairman, I would like to pursue my questions and then perhaps the committee will ask anything they like.

The WITNESS: I would think, Mr. Monet, that the answers to these questions would be much more fully understood after this memorandum has been read.

Mr. MONET: That is all right.

The WITNESS: Then I will resume where I left off at the bottom of page 2.

Total profit, \$103,851. Average profit on Canada Packers' storage operations for the nine years 1939 to 1947, 22 cents per 100 pounds, i.e. just under $\frac{1}{4}$ cent per pound.

(In the storage year 1947-48 a large profit, I might say a very large profit, was made on storage butter. This will be fully dealt with later.)

In respect of the policy followed in storing butter I shall speak only of Canada Packers—though I judge most other firms follow a similar policy.

At the beginning of the storing season (about June 1) we make the nearest estimate possible of our total requirements of butter during the dispersal

season, i.e., November 1 to the end of March (19 weeks). For that period we count upon buying one half our requirements out of current production. The other half must be stored. By this calculation we determine the number of boxes to be put into storage throughout the surplus season.

The choice butter (suitable for storage) begins to arrive on the market about June 1. Therefore, the season for putting butter away is from June 1 to September 30, a period of 17 weeks.

The total number of boxes to be stored is divided by 17. And the weekly number of boxes so arrived at are put into storage each week throughout the storing period.

When the period of withdrawal arrives, the number of boxes in store is divided by 19 (the number of weeks from November 1 to March 30), and the number of boxes so arrived at are withdrawn each week.

By this policy an 'average' storing price per pound is paid for all the butter stored, and an 'average' price per pound is received for the butter when withdrawn. This policy is based upon the conviction, bred of long experience, that we cannot predict market fluctuations. So far as possible, this policy eliminates the element of speculation. To eliminate speculation is the main objective.

Regarding the season 1947-48, that is the current year. I have already stated that a large profit was made on the butter stored.

No such profit was anticipated.

During the previous four years, butter had been under control. The government policy of laying down floor and ceiling prices had removed the element of risk in storing butter. It had also removed the profit inasmuch as the spread between the floor and ceiling did not quite cover the cost of carrying the butter. However, as nearly all the butter was sold in prints, and as the spread allowed for converting the solids into prints somewhat more than covered the cost of conversion, a small margin of profit was made upon the combined operation.

If you will look at table 2, you will see that for those four years, 1944 to 1947, in the storage column, there is a small loss—\$5,000; in 1936, \$1,000; \$59,000—but on the total operations carried across you will find that for the same years—in 1944, there was a profit of \$98,000, although there was a loss of \$5,000 on storage there was a total profit of \$98,000, and similarly in the succeeding three years.

Mr. IRVINE: Which table are you quoting from now?

The WITNESS: From table No. 2. The small loss on storage was because of the margin or spread allowed between floor and ceiling prices in the government plan set up by the Wartime Prices and Trade Board which was not sufficient to pay the cost of carrying the butter except for the total operation in the last year where there was a profit. And then at the end of that paragraph; if you will open up your binders to page 28, is a chart which you will find interesting, although it need not take much time. It is a photostated chart.

In June 1947, controls were removed and subsidies on butter fat were discontinued. As a result the price of butter advanced 10 cents per pound. In the first week of June the average price of butter was 48.6 cents per pound. This was the highest price at which butter had sold in Canada since May, 1921. (See graph in binder page 28.) That photostatic chart shows the high and low price of butter each month from 1920 to the present time. The only point I wish to make at present is that the price of butter in June, 1947, was 48.6 cents, and if you will carry that across you will see—

By Mr. Irvine:

Q. How do you find June on this?—A. Oh, I forget to explain there are 12 divisions in each year. If you take the year 1947 you will notice January is

indicated by a dot. The price carries on for five months there by five dots at 40 cents. The price for the first five months was 40 cents, indicated by the five dots. Then in June the price advanced to 48·6, and in July it advanced to just over 50, and so on. If you carry across the 48·6 you will find that there is one month in 1923 in which the price was higher than 48·6, but other than that you have to go back to 1920 to find a price of 48·6.

By Mr. Lesage:

Q. Is this chart made according to the statistics of the Dominion Bureau of Statistics?—A. They are quoted market prices. I guess the Bureau of Statistics does not publish the prices.

Q. The average price of solids, Montreal, per month.—A. This is the high and low for each month, you see, Mr. Lesage. I think you will find that chart of interest to you as you go along. It was for that reason we put it in. We are now at the second paragraph on page 5.

I cannot speak for other firms in the trade, but our feeling at the beginning of the storing season was one of apprehension. The storing price being the highest in 26 years we feared a loss on the operation.

However, as the season advanced month by month, it began to appear more and more likely that a shortage would occur during the coming winter season. The next paragraph says "July 1" but it should be August.

Storage stocks at August 1 were the same as at August 1, 1946. You will find those storage stocks on page 25 of this binder. At August, 1947, storage stocks were 58,560,000, and in the previous year they were 58,555,000. That was at August 1. At September 1 storage stocks were 2,000,000 pounds less than at September 1, 1946.

On the other hand, because rationing had been discontinued, consumption was running much heavier. July consumption exceeded that of July, 1946 by 4,000,000 pounds. You will find that on the following sheet, consumption figures for the whole nine years.

It gradually became apparent that, failing importation of butter from other countries, an acute shortage would occur in—I have said "March." I think I should change that to "at the end of the winter season."

Q. Excuse me, could I have the source of table 25?—A. Oh, the Bureau of Statistics.

Q. Well, we have exhibit 52, and there is a variance.

The CHAIRMAN: Do you mind holding that?

Mr. LESAGE: I will.

The CHAIRMAN: We will come back to that.

The WITNESS: I am now at the top of page 6. On October 21 the discontinuance of subsidies on feed grains became a further major factor in the situation. It greatly increased the cost of producing butter fat, and led to a stronger demand from the dairy farmer for a higher level of prices.

The price could have been kept under control by any one of three devices:

(1) By importing New Zealand butter. This had been done in the previous year.

(2) By importing margarine.

(3) By imposing a ceiling.

On January 19 the present ceiling was imposed.

Mr. Monet has asked for information regarding the volume and profits upon the butter operations of Canada Packers during the years 1939 to 1947. All the information asked for is contained in the binders which have been supplied to members of the committee. The essential facts on this rather confusing mass of detail are condensed upon two pages. You have already seen

the first one, table No. 2, which summarizes the operations from 1939 to date. If you again look at table No. 2 you will note:

(1) That for the nine years, 1939 to 1947, the total quantity of butter handled by the company was 262,925,000 pounds. The total profit was \$625,395, equivalent to .23 cents per pound, or just under $\frac{1}{4}$ of a cent per pound.

(2) On the 1947-48 season, by reason of the extraordinary profit on storage butter, the result per pound was much higher. Sales were 22,901,000 pounds. That is on the line below. The profit up to March 1—the season is not yet over—is \$524,818, equivalent to 2.29 cents per pound.

(3) Combining (1) and (2) the result from 1939 to March 1, 1948, is as follows:—that is on the bottom line—total sales were 285,826,000 pounds and total profit was \$1,150,213, equivalent to .4 cents per pound, or $\frac{2}{5}$ ths of a cent per pound.

I thought you would also be interested in the result of Canada Packers' total butter operations from the beginning. That is from the time the company was formed. The company was formed in August, 1927, but we are able to compile the butter records only since 1929. That is one year after the company was formed. You will find that record on sheet No. 23 in the binder. That is the results from 1929 to date. For the 19 years, 1929 to 1947 inclusive, total sales were 488,159,000 pounds, and total profits were \$672,894, equivalent to .14 cents per pound. Including the very large profit of this year the total sales are 511,060,000 pounds and total profits are \$1,197,712, equivalent to .23 cents per pound, or just under $\frac{1}{4}$ of a cent per pound.

Exhibit No. 59: Canada Packers Limited, Memorandum on Butter Operations.

CANADA PACKERS LIMITED

Exhibit 59

Page 1 of submitted statement.

Information Required by the House of Commons Special Committee on Prices

1. Name of Company—Canada Packers Limited.
2. Date of Incorporation—15th August, 1927.
3. Subsidiary company engaged in the storage of Butter—Federal Cold Storage and Warehousing Company, Limited.
4. Locations of Canada Packers Limited, where Butter is produced, stored or distributed are:

Creameries (15)—Bancroft, Ontario; Centralia, Ontario; Chesley, Ontario; Clinton, Ontario; Mount Forest, Ontario; Harriston, Ontario; Shelburne, Ontario; Walkerton, Ontario; Wiarton, Ontario; Fort Frances, Ontario; Crystal City, Manitoba; Glenboro, Manitoba; Manitou, Manitoba; Melita, Manitoba; Rapid City, Manitoba.

Cold Storages (6)—Federal Cold Storage & Warehousing Co. Limited, Toronto; Federal Cold Storage & Warehousing Co. Limited, Winnipeg; Public Cold Storage & Warehousing Company, Toronto; Canada Packers Limited, 419 St. Vincent Street, Montreal; Canada Packers Limited, 44 Nicholas Street, Ottawa; Canada Packers Limited, Three Rivers.

Distributing Plants (8)—Toronto, Ontario; Peterborough, Ontario; Montreal, Quebec; Hull, Quebec; Charlottetown, P.E.I.; Winnipeg, Manitoba; Edmonton, Alberta; Vancouver, B.C.

Distributing Branches (18)—Sydney, N.S.; Halifax, N.S.; Saint John, N.B.; Quebec, Quebec; Ottawa, Ontario; East Toronto, Ontario; West Toronto, Ontario; London, Ontario; Windsor, Ontario; Sudbury, Ontario; Sault Ste. Marie, Ontario; Timmins, Ontario; Fort William, Ontario; Regina, Saskatchewan; Saskatoon, Saskatchewan; Moose Jaw, Saskatchewan; Prince Albert, Saskatchewan; Victoria, B.C.

12 March, 1948

CANADA PACKERS LIMITED

BUTTER ACCOUNT—PROFIT AND LOSS STATEMENT

Creameries

Page 2 of submitted statement

Fiscal Years 1939-1947

PRICES

1277

	1939	1940	1941	1942	1943	1944	1945	1946	1947	Total
Sales (lbs.).....	3,004,184	3,927,354	5,144,836	6,474,504	7,974,403	8,795,848	8,854,841	8,269,603	7,152,419	59,598,052
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Sales—Value.....	742,898 07	972,453 85	1,418,931 80	2,210,004 03	2,854,162 79	3,042,812 52	3,041,450 68	2,930,554 26	2,861,693 38	19,974,961 38
Cost of sales.....	674,551 70	836,133 63	1,197,477 86	1,975,937 31	2,589,243 34	2,797,441 67	2,799,447 31	2,670,175 45	2,576,169 77	18,116,578 04
Expenses.....	68,346 37	136,320 22	221,453 94	234,066 72	264,919 45	245,370 85	242,003 37	260,378 81	285,523 61	1,958,383 34
	97,880 04	130,798 98	200,354 18	239,650 34	258,523 87	256,230 50	278,332 78	280,884 83	309,009 85	2,051,734 37
Net profit or loss...	29,533 67	5,521 24	21,099 76	5,592 62	6,395 58	10,859 65	36,329 41	20,506 02	23,546 24	93,351 03

CANADA PACKERS LIMITED
 BUTTER ACCOUNT—PROFIT AND LOSS STATEMENT

12 March, 1948

Creameries

Calendar Year 1946 (by 4-week periods)

Page 3 of submitted statement

	31 January	28 February	28 March	25 April	23 May	20 June	18 July
Sales (lbs.).....	440,473	417,000	327,929	342,724	512,065	736,648	937,948
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Sales value.....	164,637 30	160,888 26	120,896 98	135,031 88	203,015 75	279,206 67	361,400 94
Cost of sales.....	149,278 01	147,477 63	109,902 25	116,698 65	182,350 55	250,586 51	324,668 29
	15,359 29	13,410 63	10,994 73	18,333 23	20,665 20	28,620 16	36,732 65
Expenses.....	20,294 00	18,264 13	24,547 14	17,731 97	21,506 42	25,719 79	29,173 17
	4,934 71	4,853 50	13,552 41	601 26	841 22	2,900 37	7,559 48
Net profit or loss.....							
	15 August	12 September	10 October	7 November	5 December	January 2/47	Total
Sales (lbs.).....	766,342	801,288	599,721	555,972	505,125	286,279	7,229,514
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Sales value.....	300,902 33	319,079 37	241,106 72	224,010 76	203,916 75	130,619 53	2,844,713 24
Cost of sales.....	265,240 40	288,035 22	215,515 02	203,434 70	187,639 32	117,886 09	2,558,712 64
	35,661 93	31,044 15	25,591 70	20,576 06	16,277 43	12,733 44	286,000 60
Expenses.....	30,327 83	28,938 94	26,176 91	24,419 42	24,993 21	20,100 51	312,193 44
	5,334 10	2,105 21	585 21	3,843 36	8,715 78	7,867 07	26,192 84
Net profit or loss.....							

CANADA PACKERS LIMITED

BUTTER ACCOUNT—PROFIT AND LOSS STATEMENT

Creameries

March 12, 1943

Page 4 of submitted statement

Calendar Year 1947. (by 4-week periods)

PRICES

1279

	30 January	27 February	27 March	24 April	22 May	19 June	17 July
Sales (lbs.)	344,048	372,784	368,020	406,691	600,038	770,059	1,032,333
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Sales—Value	138,804 38	151,590 90	150,978 09	164,735 68	270,761 07	374,137 66	524,825 63
Cost of sales	126,416 94	138,951 22	135,970 56	148,091 62	249,977 86	332,703 61	472,160 86
	12,387 44	12,639 68	15,007 53	16,644 06	20,783 21	41,434 05	52,664 77
Expenses	18,744 61	18,384 29	22,560 47	16,885 10	20,814 18	29,336 42	35,010 05
	6,357 17	5,744 61	7,552 94	241 04	30 97	12,097 63	17,654 72
Net profit or loss	14 August	11 September	9 October	6 November	4 December	31 December	Total
Sales (lbs.)	762,632	691,995	684,782	604,446	370,416	325,450	7,333,694
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Sales—Value	392,925 76	421,769 72	416,653 40	349,797 07	224,194 94	213,750 90	3,794,925 20
Cost of sales	347,364 04	360,791 62	377,000 83	326,321 59	192,071 96	191,381 95	3,399,204 66
	45,561 72	60,978 10	39,652 57	23,475 48	32,122 98	22,368 95	395,720 54
Expenses	32,089 80	31,977 58	29,567 64	25,970 72	21,864 39	22,823 02	336,023 27
	13,471 92	29,000 52	10,084 93	2,495 24	10,258 59	454 07	69,692 27
Net profit or loss							

CANADA PACKERS LIMITED
 BUTTER ACCOUNT—PROFIT AND LOSS STATEMENT
 Creameries

12 March, 1948
 Calendar Year 1948 (by 4-week periods)

Page 5 of submitted statement

	28 January	25 February
Sales Volume.....	\$ 282,421	\$ 272,715
Sales—Value.....	\$ 194,956 48	\$ 184,688 75
Cost of sales.....	178,181 55	168,611 71
Expenses.....	16,744 93	16,077 04
Net profit or loss.....	18,666 15	18,225 74
	<u>1,891 22</u>	<u>2,148 70</u>

CANADA PACKERS LIMITED
QUANTITIES AND VALUE OF BUTTER—By PERIODS
 Creameries

PRICES

1281

Page 6 of submitted statement

4-week period	Quantities of butter—Lbs.					Dollar value (omit cents)			Average per Lb.		
	On hand at beginning of period	Purchases during period	Transferred from creamery during period	Sub-total	Sales during period	On hand at end of period	Purchases and production during period	Sales during period	Cost of purchases and production	Selling price	Margin between purchase cost and selling price
							\$	\$	cts.	cts.	cts.
1939											
2 February.....	39 324	261 340		300 664	237 594	62 236	60 660	53 328	23 21	22 45	0 76
3 March.....	62 236	180 431		242 667	213 520	29 965	42 160	47 572	23 37	22 28	1 09
30 March.....	29 965	202 567		232 532	198 438	33 876	47 792	44 625	23 59	22 48	1 11
27 April.....	33 876	208 344		242 220	192 955	49 258	47 231	42 415	22 67	21 98	0 69
25 May.....	49 258	275 598		324 856	266 171	58 585	58 236	56 376	21 13	21 18	0 05
22 June.....	58 585	468 627		527 212	370 671	156 513	101 183	81 475	21 50	21 98	0 40
20 July.....	156 513	469 485		625 998	443 523	182 422	104 446	97 711	22 25	22 03	0 22
17 August.....	182 422	363 408		545 830	308 097	237 559	82 092	68 210	22 59	22 14	0 45
14 September.....	237 559	352 236		589 795	386 138	203 456	79 370	86 990	22 53	22 53	
12 October.....	203 456	337 107		550 563	355 823	194 434	94 288	98 569	27 16	27 70	0 54
9 November.....	194 434	265 590		460 044	232 627	227 094	75 869	65 771	28 57	28 27	0 30
7 December.....	227 094	194 361		421 459	231 472	180 769	56 974	66 041	29 31	28 53	0 78
4 January (40).....	189 769	172 407		362 176	203 021	159 121	49 330	56 823	28 61	27 99	0 62
		3 761 501			3 640 101		899 631	865 906	23 92	23 79	0 13
1940											
1 February.....	228 667	206 597		435 264	220 783	214 437	59 855	61 955	28 97	28 06	0 91
29 February.....	214 437	200 500		414 937	272 729	142 168	57 668	74 767	28 76	27 42	1 34
28 March.....	142 168	237 487		399 655	301 792	97 735	72 881	91 869	28 30	30 44	2 14
25 April.....	97 735	232 469		330 254	262 011	68 132	64 568	71 576	27 77	27 32	0 45
23 May.....	68 132	314 842		382 964	285 370	97 426	76 456	68 762	24 28	24 10	0 18
20 June.....	112 074	400 140		602 214	278 054	323 951	111 661	64 788	22 78	23 30	0 52
18 July.....	323 951	606 203		930 154	639 687	290 286	127 419	137 018	21 02	21 42	0 40
15 August.....	290 286	489 710		780 006	555 518	224 284	101 964	124 932	20 82	22 49	1 67
12 September.....	224 284	534 199		758 483	438 081	319 643	115 147	95 175	21 56	21 68	0 12
10 October.....	319 643	463 873		783 516	387 505	395 890	107 883	90 693	27 94	23 40	0 11
7 November.....	395 890	407 622		803 512	419 005	384 266	113 921	115 236	27 94	27 50	0 44
5 December.....	384 266	342 557		726 823	374 706	351 819	105 076	111 439	30 65	29 73	0 92
2 January (41).....	351 819	298 709		650 528	406 590	243 679	103 723	138 475	34 72	34 05	0 67
		4 844 908			4 842 441		1 218 222	1 246 685	25 15	25 75	0 60

CANADA PACKERS LIMITED
QUANTITIES AND VALUE OF BUTTER—By PERIODS
Creameries

Page 7 of submitted statement

4-week period	Quantities of butter—Lbs.					Dollar value (omit cents)			Average per Lb.		
	On hand at beginning of period	Purchases during period	Transferred from creamery during period	Sub-total	Sales during period	On hand at end of period	Purchases and production during period	Sales during period	Cost of purchases and production	Selling price	Margin between purchase cost and selling price
							\$	\$	cts.	cts.	cts.
1943											
28 January.....	218,709	518,826	.....	737,535	488,083	249,309	185,709	175,394	35-79	35-93	0-14
24 February.....	249,309	667,110	.....	916,419	597,327	318,897	240,966	215,082	36-12	36-01	0-11
25 March.....	318,897	377,071	.....	695,968	533,353	168,555	196,102	196,102	36-93	36-77	0-16
22 April.....	168,555	457,582	.....	626,137	511,487	114,657	161,901	179,856	35-38	35-16	0-22
20 May.....	114,657	571,984	.....	686,641	553,167	133,449	196,154	191,254	34-29	34-57	0-28
17 June.....	133,449	861,129	.....	994,578	715,029	279,555	278,603	235,285	32-46	32-90	0-44
15 July.....	279,555	1,055,432	.....	1,335,017	867,794	467,303	340,765	285,529	32-29	32-89	0-60
12 August.....	467,303	878,270	.....	1,345,573	882,804	462,637	281,431	290,237	32-04	32-88	0-84
9 September.....	462,637	778,350	.....	1,240,987	828,458	411,859	251,799	274,139	32-35	33-09	0-74
7 October.....	411,859	741,040	.....	1,152,899	730,567	422,018	245,370	245,473	33-11	33-57	0-46
4 November.....	422,018	536,429	.....	958,447	648,086	310,143	184,266	221,950	34-35	34-25	0-10
2 December.....	310,143	471,214	.....	781,357	632,875	148,431	169,962	221,421	36-07	34-99	1-08
30 December.....	148,431	601,462	.....	749,893	556,481	193,229	217,348	200,101	36-14	36-04	0-10
							2,893,535	2,931,823	34-41	34-54	0-13
1944											
27 January.....	193,229	573,208	.....	766,437	488,947	277,501	208,617	175,498	36-40	35-89	0-51
24 February.....	277,501	590,828	.....	868,329	584,417	283,806	216,809	207,705	36-70	35-54	1-16
30 March.....	283,806	728,761	.....	1,012,567	787,326	225,196	264,002	278,295	35-95	35-35	0-60
27 April.....	225,196	442,291	.....	667,487	507,938	160,573	159,065	179,327	35-96	35-30	0-66
25 May.....	160,573	691,302	.....	851,875	621,725	230,137	235,554	213,122	34-07	34-28	0-21
22 June.....	230,137	1,208,687	.....	1,438,824	1,092,750	340,863	396,840	367,452	32-83	33-47	0-64
20 July.....	340,863	972,242	.....	1,318,553	1,092,750	445,762	394,576	361,729	32-94	33-10	0-16
17 August.....	445,762	792,242	.....	1,418,004	984,144	433,569	324,220	329,134	33-35	33-44	0-09
14 September.....	433,569	798,109	.....	1,231,678	765,001	466,552	270,917	262,482	33-95	34-31	0-36
12 October.....	466,552	750,955	.....	1,217,507	853,307	364,270	260,053	267,369	34-63	34-85	0-22
9 November.....	364,270	660,219	.....	1,024,489	760,157	283,290	233,290	287,580	35-34	35-20	0-14
7 December.....	265,110	405,487	.....	670,597	555,785	114,636	149,581	195,847	36-89	35-24	1-65
4 January (45).....	114,636	354,973	.....	469,609	293,491	175,847	133,080	103,884	37-48	35-40	2-08
							3,246,604	3,239,424	35-11	34-72	0-39

1946

31 January.....	149,612	494,833	644,445	439,415	205,019	186,346	162,286	37-66	36-93	0-73
28 February.....	205,019	382,791	587,810	436,639	151,174	146,681	160,066	38-32	36-80	1-52
28 March.....	151,174	271,251	422,425	327,327	95,003	112,680	120,711	31-54	36-89	4-66
25 April.....	95,033	384,183	429,216	336,888	92,305	132,797	132,638	40-04	39-37	0-67
23 May.....	92,305	512,312	604,617	511,375	93,234	202,424	202,929	39-51	39-68	0-17
20 June.....	93,234	924,766	1,018,000	742,228	275,820	343,834	281,353	37-18	37-50	0-73
18 July.....	275,820	975,511	1,251,331	938,741	312,579	369,138	361,378	37-84	38-91	0-66
15 August.....	312,579	888,763	1,201,342	756,325	445,005	348,048	300,871	39-16	39-78	0-62
12 September.....	445,009	661,361	1,106,370	801,482	304,785	263,192	319,052	39-78	39-81	0-03
10 October.....	304,785	605,520	910,305	599,621	310,605	243,292	240,952	40-18	40-18	0-00
7 November.....	310,605	438,388	749,053	555,231	193,812	183,129	218,999	41-77	39-44	2-33
5 December.....	193,812	473,041	666,853	504,273	162,555	199,046	203,911	42-08	40-44	1-61
2 January (47).....	162,555	319,117	481,672	317,207	164,458	138,482	131,608	43-40	41-49	1-91
.....	.....	.....	.....	7,266,751	.....	2,870,089	2,837,354	39-88	39-01	0-86
30 January.....	164,458	303,886	468,344	342,148	126,162	131,015	138,862	43-11	40-59	2-52
27 February.....	126,162	397,422	523,584	372,765	150,833	180,007	151,540	45-29	40-65	4-61
27 March.....	150,833	361,583	512,416	369,475	142,934	156,178	150,966	43-19	40-86	2-33
24 April.....	142,934	428,274	571,208	394,064	177,136	178,445	159,724	41-67	40-53	1-14
22 May.....	177,136	615,360	792,496	604,189	188,312	286,138	270,756	46-50	44-81	1-69
19 June.....	188,312	964,737	1,153,049	770,047	383,009	455,934	374,123	47-27	48-58	1-31
17 July.....	383,009	915,594	1,298,603	1,031,851	206,726	450,643	524,309	49-22	50-81	1-50
14 August.....	266,726	767,098	1,033,824	762,623	271,356	384,068	392,911	50-07	51-52	1-45
11 September.....	271,356	690,913	902,269	732,720	229,529	383,710	421,762	55-54	57-56	2-02
9 October.....	229,529	730,195	979,724	685,236	294,432	445,965	416,287	59-45	60-75	1-30
6 November.....	294,432	525,590	820,022	598,942	225,872	310,098	349,004	59-00	58-27	0-73
3 December.....	225,872	332,283	558,155	369,492	188,778	199,740	224,155	60-11	60-67	0-56
31 December.....	188,778	275,504	464,282	324,996	139,275	183,747	213,989	66-69	65-84	0-85
.....	.....	.....	.....	7,358,548	.....	3,745,738	3,788,388	51-31	50-88	0-43
28 January.....	139,275	222,293	361,568	282,361	79,198	154,170	194,863	69-35	69-01	0-3
25 February.....	79,198	250,472	329,670	272,378	57,271	171,407	184,509	68-43	67-74	0-69
.....	.....	.....	.....	554,739	.....	325,577	379,372	68-89	68-36	0-52

1948

30 January.....	164,458	303,886	468,344	342,148	126,162	131,015	138,862	43-11	40-59	2-52
27 February.....	126,162	397,422	523,584	372,765	150,833	180,007	151,540	45-29	40-65	4-61
27 March.....	150,833	361,583	512,416	369,475	142,934	156,178	150,966	43-19	40-86	2-33
24 April.....	142,934	428,274	571,208	394,064	177,136	178,445	159,724	41-67	40-53	1-14
22 May.....	177,136	615,360	792,496	604,189	188,312	286,138	270,756	46-50	44-81	1-69
19 June.....	188,312	964,737	1,153,049	770,047	383,009	455,934	374,123	47-27	48-58	1-31
17 July.....	383,009	915,594	1,298,603	1,031,851	206,726	450,643	524,309	49-22	50-81	1-50
14 August.....	266,726	767,098	1,033,824	762,623	271,356	384,068	392,911	50-07	51-52	1-45
11 September.....	271,356	690,913	902,269	732,720	229,529	383,710	421,762	55-54	57-56	2-02
9 October.....	229,529	730,195	979,724	685,236	294,432	445,965	416,287	59-45	60-75	1-30
6 November.....	294,432	525,590	820,022	598,942	225,872	310,098	349,004	59-00	58-27	0-73
3 December.....	225,872	332,283	558,155	369,492	188,778	199,740	224,155	60-11	60-67	0-56
31 December.....	188,778	275,504	464,282	324,996	139,275	183,747	213,989	66-69	65-84	0-85
.....	.....	.....	.....	7,358,548	.....	3,745,738	3,788,388	51-31	50-88	0-43
28 January.....	139,275	222,293	361,568	282,361	79,198	154,170	194,863	69-35	69-01	0-3
25 February.....	79,198	250,472	329,670	272,378	57,271	171,407	184,509	68-43	67-74	0-69
.....	.....	.....	.....	554,739	.....	325,577	379,372	68-89	68-36	0-52

CANADA PACKERS LIMITED
BUTTER ACCOUNT—PROFIT AND LOSS STATEMENT
Plants

12 March, 1948

Fiscal Years 1939-1947

Page 9 of submitted statement

	1939	1940	1941	1942	1943	1944	1945	1946	1947	Total
—										
Sales (lbs.).....	20,339,072 \$ cts.	22,036,794 \$ cts.	25,166,660 \$ cts.	29,532,439 \$ cts.	32,547,106 \$ cts.	39,104,372 \$ cts.	35,796,414 \$ cts.	29,974,202 \$ cts.	23,505,667 \$ cts.	253,002,726 \$ cts.
Sales—Value.....	4,901,879.74	5,445,314.77	6,963,510.61	10,019,420.40	11,873,442.49	13,964,948.59	13,020,590.79	10,573,062.09	9,619,644.42	86,372,713.90
Cost of sales.....	4,863,241.97	5,074,916.42	6,352,286.02	9,772,617.59	11,272,902.72	13,350,402.51	12,453,696.60	10,104,410.75	9,211,543.83	82,455,018.41
	38,637.77	370,398.35	611,224.59	246,702.81	600,539.77	614,546.08	566,894.19	468,651.34	399,100.59	3,916,695.49
EXPENSES—										
Wages and salaries.....	39,559.75	42,431.84	43,370.55	57,238.30	86,306.93	89,535.66	92,647.78	65,401.34	56,166.82	572,658.97
Warehousing and selling.....	46,067.46	49,100.38	46,851.60	51,906.52	80,475.54	87,018.29	98,934.77	109,854.75	111,589.24	681,798.55
Fixed charges.....	11,926.30	12,365.76	9,870.40	10,771.28	10,760.12	18,998.78	13,985.02	13,219.32	12,146.65	114,043.63
Storage charges.....	36,847.60	45,203.57	51,153.76	64,574.61	74,217.66	98,590.95	101,540.11	74,308.76	82,803.89	629,240.91
Other expenses.....	82,072.92	78,412.32	82,442.33	133,071.29	146,474.14	213,978.56	197,706.86	142,450.66	171,577.19	1,248,186.27
	216,484.03	227,513.87	233,688.64	317,562.00	398,234.39	508,112.24	504,814.54	405,234.83	434,283.79	3,245,928.33
Net profit or loss.....	177,846.26	142,884.48	377,535.95	70,859.19	202,305.38	106,433.84	62,079.65	63,416.51	35,183.20	670,767.16

NOTE.—Figures for Edmonton plant for 1939 and 1940, and for Vancouver for 1939, 1940 and 1941 not available.

CANADA PACKERS LIMITED

12 March, 1948

Calendar Year 1946 (by 4-week Periods)

BUTTER ACCOUNT—PROFIT AND LOSS STATEMENT

Plants

PRICES

1285

Page 10 of submitted statement

	31 January	28 February	28 March	25 April	23 May	20 June	18 July
Sales (lbs.).....	2,396,879 \$ 892,528 76 858,344 23	2,077,590 \$ 780,802 86 754,908 51	1,276,428 \$ 472,638 13 450,098 91	1,050,725 \$ 342,864 56 327,938 48	1,351,129 \$ 548,845 24 534,944 55	1,226,322 \$ 488,261 34 464,612 99	1,751,743 \$ 739,372 30 709,805 10
Sales—Value.....							
Cost of sales.....	34,184 53	25,894 35	22,539 22	14,926 08	13,900 69	23,648 35	29,567 20
Expenses—							
Wages and salaries.....	5,045 14	5,264 01	4,149 76	2,772 55	4,394 64	4,188 35	3,764 55
Warehousing and selling.....	9,158 65	11,060 23	6,073 36	3,082 76	3,736 91	8,639 64	8,242 22
Fixed charges.....	1,003 00	940 33	973 46	954 66	846 89	952 89	947 43
Storage charges.....	5,576 72	2,897 03	1,111 88	146 41	487 39	2,865 50	5,834 22
Other expenses.....	11,633 39	9,120 64	4,223 53	4,610 26	6,285 36	7,580 45	9,268 71
Net profit or loss.....	32,416 90	29,282 24	16,531 99	11,566 64	15,751 19	24,226 83	28,057 13
	1,767 63	3,387 89	6,007 23	3,359 44	1,850 50	578 48	1,510 07
	15 August	12 September	10 October	7 November	5 December	2 January, 1947	Total
Sales (lbs.).....	1,515,910	2,336,716	1,956,860	2,050,574	2,139,976	1,793,499	22,924,351
Sales—Value.....	\$ 638,367 59	\$ 959,655 13	\$ 799,296 32	\$ 853,558 37	\$ 906,628 64	\$ 740,171 85	\$ 9,162,991 09
Cost of sales.....	601,523 85	912,744 17	753,400 92	806,608 07	853,506 87	707,038 83	8,735,475 48
	36,843 74	46,910 96	45,895 40	46,950 30	53,121 77	33,133 02	427,515 61
Expenses—							
Wages and salaries.....	3,744 80	3,722 07	3,872 25	4,855 68	5,619 28	4,630 58	56,023 66
Warehousing and selling.....	9,262 52	10,290 87	5,938 85	9,532 90	15,671 42	8,989 07	109,679 40
Fixed charges.....	1,038 43	987 89	993 89	912 89	919 20	945 51	12,316 01
Storage charges.....	8,879 40	9,978 38	11,390 97	10,291 39	10,287 98	8,879 61	78,626 88
Other expenses.....	12,685 16	16,976 65	18,791 53	19,187 17	19,707 50	16,913 29	156,983 64
Net profit or loss.....	35,610 31	41,855 40	40,987 49	44,780 03	52,205 38	40,358 06	413,629 59
	1,233 43	5,055 56	4,907 91	2,170 27	916 39	7,225 04	13,886 02

CANADA PACKERS LIMITED

12 March, 1948

BUTTER ACCOUNT—PROFIT AND LOSS STATEMENT

Calendar Year 1947 (by 4-week periods)

Plants

Page 11 of submitted statement

	30 January	27 February	27 March	24 April	22 May	19 June	17 July
Sales (lbs.)	2,155,076	2,437,619	1,564,382	1,616,077	1,447,383	1,636,956	1,575,791
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Sales—Value	907,502 48	1,022,179 83	649,147 01	671,844 16	672,182 27	858,484 01	819,086 39
Cost of sales	889,545 48	1,002,601 37	632,479 38	645,512 18	646,818 02	826,601 03	792,971 17
Expenses—	17,957 00	19,578 46	16,667 62	26,331 98	25,364 25	31,882 98	26,085 22
Wages and salaries	5,566 20	4,789 80	4,112 34	4,590 86	4,000 49	3,683 07	3,644 98
Warehousing and selling	7,112 97	12,627 17	8,422 94	10,089 91	7,658 29	9,380 49	7,584 37
Fixed charges	943 04	12,913 04	930 42	981 36	923 29	835 21	909 36
Storage charges	8,685 56	1,707 79	1,037 57	1,037 57	932 76	2,234 63	3,071 41
Other expenses	15,491 06	12,184 78	11,582 57	7,766 17	7,967 88	9,166 03	11,941 98
	37,798 83	34,330 44	26,756 06	24,475 87	21,482 71	25,299 43	27,152 10
Net profit or loss	19,841 83	14,751 98	10,088 44	1,856 11	3,881 54	6,583 55	1,066 88
	14 August	11 September	9 October	6 November	4 December	31 December	Total
Sales (lbs.)	1,632,777	1,994,532	1,150,268	1,683,017	3,024,748	2,550,223	24,468,849
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Sales—Value	866,003 49	1,157,491 74	697,706 59	984,454 99	1,854,928 27	1,689,959 84	12,850,941 07
Cost of sales	819,752 40	1,082,154 16	652,978 31	939,575 35	1,689,354 16	1,465,612 10	12,085,955 12
Expenses—	46,251 09	75,337 58	44,728 28	44,879 64	165,574 11	224,347 74	764,985 95
Wages and salaries	3,828 18	4,510 97	1,425 35	2,745 28	6,589 38	6,741 71	56,228 61
Warehousing and selling	6,535 38	7,196 25	2,041 19	4,531 76	9,643 79	6,976 13	99,810 64
Fixed charges	889 29	850 59	896 36	588 13	882 21	887 52	11,439 82
Storage charges	7,793 83	12,875 97	11,734 50	12,837 04	11,978 78	9,058 91	87,464 40
Other expenses	22,653 00	30,481 65	32,441 20	33,371 39	37,731 07	34,250 08	267,028 86
	41,699 68	55,615 43	48,538 60	54,073 60	66,835 23	57,914 35	521,972 33
Net profit or loss	4,551 41	19,722 15	3,810 32	9,193 96	98,738 88	166,433 39	243,013 62

CANADA PACKERS LIMITED

12 March, 1948

BUTTER ACCOUNT—PROFIT AND LOSS STATEMENT

Calendar Year 1948 (by 4-week periods)

PLANTS

Page 12 of submitted statement

	28 January	25 February	Total
Sales (lbs.)	2,013,206	2,500,935	4,514,141
	\$ cts.	\$ cts.	\$ cts.
Sales—Value	1,367,339 04	1,753,918 04	3,121,257 08
Cost of sales	1,163,690 93	1,564,661 01	2,728,351 94
	203,648 11	189,257 03	392,905 14
Expenses—			
Wages and salaries	4,821 50	7,209 95	12,031 45
Warehousing and selling	7,264 26	8,471 93	15,736 19
Fixed charges	770 52	861 12	1,631 64
Storage charges	9,305 52	6,259 72	15,565 24
Other expenses	27,280 48	24,006 83	51,287 36
	49,442 28	46,809 60	96,251 88
Net profit or loss	154,205 83	142,447 43	296,653 26

PRICES

1287

CANADA PACKERS LIMITED
QUANTITIES AND VALUE OF BUTTER—By PERIODS
All Plants

Page 13 of submitted statement

4-week period	Quantities of butter—Lbs.					Dollar value (omit cents)				Average per Lb.		
	On hand at beginning of period	Purchases during period	Transferred from creamery during period	Sub-total	Sales during period	On hand at end of period	Purchases and production during period	Sales during period	Cost of purchases and production	Selling price	Margin between purchase cost and selling price	
							\$	\$	cts.	cts.	cts.	
1939												
2 February.....	2,025,849	709,862	142,375	2,878,086	1,430,982	1,324,082	191,825	325,241	22.51	22.73	0.22	
2 March.....	1,324,082	994,937	133,876	2,452,895	1,721,885	604,813	246,329	381,966	21.82	22.18	0.36	
30 March.....	604,813	1,224,345	143,058	1,972,216	1,557,251	249,126	287,830	344,718	21.05	22.14	1.09	
27 April.....	249,126	1,194,451	175,101	1,618,678	1,211,540	218,303	284,434	264,451	20.77	21.83	1.06	
25 May.....	218,303	1,318,548	175,956	1,712,807	1,277,703	250,693	297,227	266,377	19.89	20.85	0.96	
22 June.....	250,693	3,002,131	204,150	3,456,974	1,980,958	1,305,560	671,313	425,134	20.94	21.46	0.52	
20 July.....	1,305,560	3,613,067	346,015	5,264,642	2,085,165	3,008,907	832,247	448,841	21.02	21.53	0.51	
17 August.....	3,008,907	2,970,091	329,020	6,308,018	1,852,572	4,494,239	683,641	336,787	20.72	21.28	0.56	
14 September.....	4,494,239	2,742,081	186,223	7,422,543	2,307,297	4,862,835	666,126	532,305	22.75	23.07	0.32	
12 October.....	4,862,835	1,983,761	143,171	6,989,767	1,813,059	5,045,261	585,087	492,550	27.51	27.17	0.34	
9 November.....	5,045,261	1,297,528	204,054	6,546,829	1,650,897	4,808,533	412,905	455,959	27.49	27.62	0.13	
7 December.....	4,808,533	902,052	126,054	5,836,639	1,749,001	4,007,680	289,547	493,565	28.16	28.22	0.06	
4 January (40).....	4,007,680	407,641	114,054	4,529,375	1,433,051	3,072,001	145,632	392,279	27.91	27.37	0.54	
		22,360,495	2,423,093	.....	21,801,361	.....	5,594,143	5,160,173	22.57	23.67	1.10
1940												
1 February.....	3,072,001	538,604	125,459	3,736,064	1,307,300	2,326,512	176,326	361,100	26.55	27.62	1.07	
29 February.....	2,326,512	707,509	130,381	3,164,402	1,866,402	1,262,131	223,216	493,072	26.64	26.42	0.22	
28 March.....	1,262,131	810,699	175,385	2,248,215	1,755,226	465,460	273,179	480,615	27.20	27.38	0.32	
25 April.....	465,460	1,186,701	178,936	1,831,097	1,491,083	287,423	357,781	402,714	26.20	27.01	0.81	
23 May.....	287,423	1,274,929	179,463	1,741,815	1,238,700	432,209	333,030	296,631	22.90	23.95	1.05	
20 June.....	432,209	1,999,050	205,021	2,636,285	1,372,262	1,240,409	487,777	315,988	22.13	23.03	0.90	
18 July.....	1,240,409	3,260,920	523,645	5,024,974	1,978,743	2,711,324	802,457	425,543	21.20	21.51	0.31	
15 August.....	2,711,324	2,465,274	472,711	5,649,309	1,630,511	3,957,970	646,655	367,069	22.01	22.55	0.54	
12 September.....	3,957,970	3,124,330	267,067	7,349,367	1,864,620	5,330,497	717,600	405,763	21.16	21.76	0.60	
10 October.....	5,330,497	2,216,901	234,511	7,781,909	2,208,431	5,545,073	578,318	524,350	23.59	23.74	0.15	
7 November.....	5,545,073	2,439,205	289,142	8,273,420	2,642,622	5,502,303	749,588	725,740	27.47	27.46	0.01	
5 December.....	5,502,303	1,458,344	212,252	7,172,899	2,455,445	4,455,875	493,340	731,453	29.53	29.79	0.26	
2 January (41).....	4,455,875	1,287,827	279,194	6,102,896	2,407,705	3,619,305	541,504	804,443	34.55	33.41	1.14	
		22,770,298	3,273,167	.....	24,219,050	.....	6,380,741	6,335,081	24.50	25.38	0.88

1943

28 January	4,122,238	350,493	6,197,483	3,188,185	2,937,308	707,760	1,166,936	34,40	36,60	2,50
25 February	1,119,471	539,207	4,595,986	3,416,281	1,156,082	596,348	1,247,174	35,95	36,51	0,56
25 March	1,156,082	365,073	3,006,285	2,101,285	876,631	660,935	804,811	35,73	35,73	2,50
22 April	1,740,415	362,921	2,979,997	2,253,432	579,408	833,930	736,510	35,02	37,01	1,99
20 May	4,005,373	420,158	5,004,937	3,454,275	572,009	1,519,452	1,227,769	34,33	34,54	1,21
17 June	4,366,021	557,322	5,495,352	2,424,765	2,324,003	1,614,550	836,084	32,70	34,48	1,69
15 July	5,993,426	737,166	9,054,595	2,548,493	5,916,642	2,200,961	863,932	32,78	33,90	1,12
12 August	4,382,255	593,921	10,892,818	2,963,189	7,632,790	1,634,709	1,007,796	32,85	33,77	0,92
9 September	3,447,558	552,534	11,632,882	2,253,706	9,242,353	1,324,795	777,270	33,12	34,44	1,82
7 October	3,191,864	446,581	12,880,798	2,263,211	10,552,954	1,235,470	807,080	33,96	35,69	1,73
4 November	2,190,988	428,015	13,171,937	2,310,012	10,777,034	890,276	816,174	33,99	35,64	1,34
2 December	1,663,514	404,886	12,845,434	3,547,952	9,283,679	726,944	1,264,436	35,15	35,64	0,49
30 December	893,849	383,085	10,565,613	3,367,813	7,175,094	459,202	1,207,488	35,46	35,85	0,11
	36,204,016	6,141,362		36,096,556		14,313,912	12,861,500	33,80	36,29	2,49

1944

27 January	1,116,504	390,032	8,081,630	3,761,818	4,906,549	541,402	1,358,748	35,94	36,12	0,18
24 February	1,542,953	495,293	6,944,795	4,137,401	2,792,624	740,482	1,503,046	36,33	36,33	
30 March	1,757,125	577,935	5,127,684	4,028,291	1,081,292	836,647	1,461,434	35,83	36,28	0,45
27 April	1,824,080	404,738	3,310,110	2,679,954	475,778	778,822	1,010,947	34,81	37,72	3,54
25 May	2,201,909	511,167	3,188,894	2,434,506	513,745	922,505	868,588	34,00	35,68	1,08
22 June	4,475,441	921,469	5,910,655	2,786,032	2,828,650	1,798,392	973,794	33,32	34,95	1,63
20 July	4,491,004	916,999	8,236,653	2,536,511	5,131,439	1,788,723	889,842	33,08	35,08	2,00
17 August	4,272,658	713,119	10,117,216	2,161,920	7,815,694	1,658,217	765,011	33,26	35,39	2,13
14 September	4,665,663	591,233	13,072,590	2,742,661	9,943,713	1,708,121	981,651	34,25	35,79	1,54
12 October	3,387,947	620,320	13,951,980	2,673,280	11,104,989	1,402,121	974,285	34,98	36,45	1,47
9 November	1,741,034	533,549	13,379,572	2,906,837	10,321,791	817,220	1,056,825	35,93	36,36	0,43
7 December	833,202	524,852	11,479,845	3,191,486	8,243,238	423,006	1,166,248	36,53	36,54	0,01
4 January (45)	696,502	153,831	9,093,571	2,364,490	6,099,632	325,268	865,323	38,25	36,60	1,65
	33,006,022	7,154,537		38,405,065		13,830,929	13,875,742	34,41	36,13	1,46

1946

31 January	582,065	276,332	4,506,185	2,334,031	2,153,040	313,273	862,812	36,50	36,96	0,46
28 February	486,989	259,681	2,899,710	2,095,626	802,047	276,782	780,952	37,07	37,27	0,20
28 March	508,945	217,462	1,528,454	1,282,109	246,412	254,308	472,696	35,00	36,87	1,87
25 April	498,640	221,324	966,376	802,847	102,934	282,678	342,803	39,26	39,73	0,47
23 May	1,780,981	381,751	2,205,666	1,365,043	749,415	836,403	548,390	40,17	40,17	1,50
20 June	3,356,852	673,184	4,779,451	1,236,415	2,788,817	521,911	487,904	37,76	39,46	1,70
18 July	3,585,888	701,970	7,076,675	1,880,321	4,871,376	1,645,547	739,379	38,38	39,32	0,94
15 August	3,271,078	581,855	8,724,309	1,582,282	6,912,191	1,535,827	938,821	39,86	41,66	1,80
12 September	2,900,036	610,656	10,022,853	2,352,012	7,599,092	1,226,495	959,494	39,44	40,79	1,35
10 October	1,951,191	406,774	9,957,057	1,975,951	7,785,641	799,233	739,233	39,61	40,45	0,84
7 November	1,457,933	367,782	9,611,356	2,091,090	7,395,403	736,822	853,502	40,36	41,41	1,05
5 December	559,414	350,091	8,304,908	2,153,749	6,121,543	378,762	906,199	41,64	42,07	0,43
2 January (47)	243,698	231,113	6,596,354	1,892,538	4,781,628	102,387	744,047	40,52	41,28	0,76
	20,783,710	5,279,975	77,239,384	22,494,023	52,309,539	10,155,718	9,135,732	38,89	39,83	0,94

PRICES

CANADA PACKERS LIMITED
QUANTITIES AND VALUE OF BUTTER—By PERIODS
All Plants

Page 15 of submitted statement

4-week period	Quantities of butter—Lbs.						Dollar value (omit cents)		Average per Lb.		
	On hand at beginning of period	Purchases during period	Transferred from creamery during period	Sub-total	Sales during period	On hand at end of period	Purchases and production during period	Sales during period	Cost of purchases and production	Selling price	Margin between purchase cost and selling price
							\$	\$	cts.	cts.	cts.
1947											
30 January	4,781,628	298,127	185,540	5,265,295	2,244,337	3,006,349	196,873	922,291	40.70	41.09	0.39
27 February	3,006,349	745,154	239,360	3,990,863	2,456,541	1,530,627	404,402	1,020,081	41.08	41.53	0.45
27 March	1,530,627	722,939	216,889	2,470,455	1,568,050	808,709	370,615	649,064	39.43	41.39	0.96
24 April	808,709	1,192,631	270,419	2,271,759	1,620,428	446,187	590,370	671,841	40.35	41.46	1.11
22 May	446,187	1,912,024	452,125	2,810,336	1,466,176	1,146,987	1,087,941	671,855	46.02	45.82	0.20
19 June	1,146,987	3,127,506	593,649	4,868,142	1,720,166	2,468,606	1,815,450	862,580	48.79	50.15	1.36
17 July	2,468,606	4,161,815	773,499	7,403,920	1,598,546	4,861,943	2,470,046	818,980	50.05	51.23	1.18
14 August	4,861,943	4,476,144	534,804	9,872,891	1,662,342	7,378,398	2,533,660	866,114	50.56	52.10	1.54
11 September	7,378,398	3,251,970	492,871	11,123,239	2,014,694	8,682,730	2,123,905	1,156,960	56.71	57.43	0.72
9 October	8,682,730	1,260,115	190,739	10,133,584	1,169,065	8,906,679	857,350	696,773	59.09	59.60	0.51
6 November	8,906,679	1,645,781	380,673	10,933,133	1,701,836	9,124,659	1,159,729	983,404	57.23	57.78	0.55
4 December	9,124,659	1,270,022	167,055	10,561,736	3,055,880	7,440,392	865,705	1,854,481	60.24	80.69	0.45
31 December	7,440,392	715,052	157,585	8,313,029	2,575,984	5,682,981	569,678	1,689,589	65.28	65.59	0.31
	60,583,894	24,779,280	4,655,209	90,018,382	24,854,045	61,485,247	15,045,724	12,864,003	51.12	51.75	0.63
1948											
28 January	5,682,981	360,008	151,232	6,194,221	2,028,961	4,125,740	355,525	1,367,629	69.54	67.48	2.04
25 February	4,125,740	545,674	110,750	4,782,164	2,622,306	2,135,644	459,900	1,753,744	70.06	66.88	3.18
	9,808,721	905,682	261,982	10,976,385	4,651,267	6,261,384	815,425	3,121,373	69.83	67.11	2.72

CANADA PACKERS LIMITED

BUTTER ACCOUNT—PROFIT AND LOSS STATEMENT

DISTRIBUTING BRANCHES

Fiscal Years 1939-1947

12 March, 1948

Page 16 of submitted statement

PRICES

1291

	1939	1940	1941	1942	1943	1944	1945	1946	1947	Total
Sales (lbs.).....	7,016,881 \$ cts.	7,751,529 \$ cts.	9,824,896 \$ cts.	10,500,056 \$ cts.	11,638,133 \$ cts.	11,709,559 \$ cts.	10,595,361 \$ cts.	9,591,098 \$ cts.	9,929,770 \$ cts.	88,357,283 \$ cts.
Sales—Value.....	1,865,881 20	2,121,825 71	3,140,667 16	3,956,656 83	4,608,954 71	4,474,401 07	4,003,004 40	3,727,193 21	4,506,792 23	32,405,376 62
Cost of sales.....	1,815,569 53	2,055,171 50	3,035,771 53	3,875,453 01	4,498,259 33	4,370,600 27	3,913,430 34	3,647,812 72	4,425,674 64	31,637,742 87
Expenses.....	50,311 67	66,654 21	104,895 63	81,203 82	110,695 38	103,800 80	89,574 16	79,380 49	81,117 59	767,633 75
Net profit or Loss.....	52,598 34 2,286 67	55,689 21 10,965 00	70,247 66 34,647 97	77,635 18 3,568 64	90,134 66 20,560 72	84,129 21 19,671 59	78,012 66 11,561 50	79,785 94 405 45	82,169 79 1,052 20	670,402 65 97,231 10

CANADA PACKERS LIMITED
 BUTTER ACCOUNT—PROFIT AND LOSS STATEMENT
 Distributing Branches

12 March, 1948.

Calendar Year 1946 (by 4-week periods)

Page 17 of submitted statement

	31 January	28 February	28 March	25 April	23 May	20 June	18 July
Sales (lbs.).....	758,972	731,697	481,809	561,821	638,447	721,787	1,071,887
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Sales—Value.....	299,201 28	300,040 70	187,680 11	202,939 75	274,546 03	316,520 61	482,808 36
Cost of sales.....	293,854 73	293,594 86	187,477 86	192,598 59	268,945 56	311,899 07	476,575 16
	5,346 55	6,445 84	202 25	10,341 16	5,600 47	4,621 54	6,233 20
Expenses.....	5,871 66	6,164 96	4,602 00	4,064 76	5,930 00	6,321 48	7,989 07
	525 11	280 88	4,399 75	6,276 40	329 53	1,699 94	1,755 87
Net profit or loss.....	15 August	12 September	10 October	7 November	5 December	2 January—1947	Total
	881,832	1,059,174	802,660	703,664	641,670	578,243	9,523,663
Sales (lbs.).....	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Sales—Value.....	405,367 03	462,779 13	347,588 21	310,341 26	282,788 45	251,071 12	4,123,672 04
Cost of sales.....	399,490 05	455,621 62	343,087 28	305,030 36	278,566 97	247,545 12	4,054,287 23
	5,876 98	7,157 51	4,500 93	5,310 90	4,221 48	3,526 00	69,384,81
Expenses.....	6,622 31	7,490 47	6,417 18	5,696 38	5,352 01	5,373 90	77,896 73
Net profit or loss.....	745 53	332 96	1,916 85	385 43	1,130 53	1,847 90	8,511 97

CANADA PACKERS LIMITED

BUTTER ACCOUNT—PROFIT AND LOSS STATEMENT

12 March, 1948

Calendar Year 1947 (by 4-week periods)

Branches

Page 18 of submitted statement

PRICES

1293

	30 January	27 February	27 March	24 April	22 May	19 June	17 July
Sales (lbs.)	642,097	651,641	619,524	631,448	660,117	995,008	1,005,725
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Sales—Value	283,863 62	300,644 11	298,875 55	270,360 77	327,702 54	524,461 54	549,738 82
Cost of sales	279,640 79	296,094 13	268,510 42	264,841 05	321,372 79	516,251 88	542,335 48
	4,222 83	4,549 98	365 13	5,519 72	6,329 75	8,209 66	7,403 34
Expenses	5,972 15	6,768 24	7,277 16	6,186 95	6,701 82	8,773 15	8,578 76
	1,749 32	2,218 26	6,912 03	667 23	372 07	563 49	1,175 42
Net profit or loss	14 August	11 September	9 October	6 November	4 December	31 December	Total
	962,036	1,084,965	846,857	790,321	902,351	690,995	10,483,115
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Sales—Value	550,379 57	685,758 25	561,095 11	540,867 41	592,184 43	489,912 11	5,945,843 83
Cost of sales	542,325 03	664,866 68	548,217 30	529,775 70	577,571 93	475,274 43	5,827,077 61
	8,054 54	20,891 57	12,877 81	11,091 71	14,612 50	14,637 68	118,766 22
Expenses	8,510 10	9,235 13	9,239 58	8,768 73	8,481 09	8,153 95	102,646 81
	455 56	11,656 44	3,638 23	2,322 98	6,131 41	6,483 73	16,119 41
Net profit or loss							

CANADA PACKERS LIMITED

12 March, 1948

BUTTER ACCOUNT—PROFIT AND LOSS STATEMENT

Calendar Year 1948 (by 4-week periods)

Branches

Page 19 of submitted statement

	28 January	25 February
	\$	\$ cfs.
Sales (lbs.).....	667, 670	838, 538
Sales—Value.....	515, 646 68	602, 148 60
Cost of sales.....	506, 352 53	595, 190 82
	9, 294 15	6, 957 78
Expenses.....	8, 102 30	9, 441 27
Net profit or loss.....	1, 191 85	2, 483 49

Page 20 of submitted statement

4-week period	Quantities of butter—Lbs.					Dollar value (omit cents)			Average per Lb.		
	On hand at beginning of period	Purchases during period	Transferred from creamery during period	Sub-total	Sales during period	On hand at end of period	Purchases and production during period	Sales during period	Cost of purchases and production	Selling price	Margin between purchase cost and selling price
1939									cts.	cts.	cts.
2 February.....	145, 118	576, 234	.....	721, 352	538, 878	182, 473	134, 772	129, 596	23-39	24-05	0-66
2 March.....	182, 473	490, 533	.....	673, 006	564, 694	108, 312	105, 496	125, 904	21-50	22-30	0-80
26 March.....	108, 312	465, 067	.....	573, 379	483, 405	90, 334	107, 430	113, 766	23-10	23-40	0-45
20 April.....	90, 334	575, 901	.....	666, 235	611, 549	54, 671	126, 463	138, 648	24-07	22-67	1-40
25 May.....	54, 671	665, 438	.....	720, 109	656, 925	63, 176	145, 283	148, 396	21-83	22-59	0-76
22 June.....	63, 176	870, 509	.....	933, 685	769, 296	164, 400	186, 018	167, 406	21-37	21-76	0-39
20 July.....	164, 400	655, 864	.....	820, 264	668, 060	152, 457	142, 536	148, 920	21-73	22-29	0-56
17 August.....	152, 457	682, 660	.....	835, 117	652, 943	182, 134	149, 525	146, 538	21-90	22-44	0-54
14 September.....	182, 134	706, 877	.....	889, 011	685, 010	204, 949	161, 022	162, 380	22-78	23-70	0-92
12 October.....	204, 949	692, 519	.....	897, 468	612, 239	285, 101	187, 911	170, 997	27-13	27-93	0-80
9 November.....	285, 101	646, 609	.....	931, 710	562, 337	369, 536	190, 600	188, 885	29-47	30-03	0-56
7 December.....	369, 536	579, 296	.....	948, 832	586, 081	362, 794	168, 187	170, 323	29-40	29-06	0-34
4 January (40).....	362, 794	412, 592	.....	775, 386	511, 781	263, 206	120, 517	150, 877	29-21	29-48	0-27
	.....	8, 020, 099	.....	.....	7, 902, 828	.....	1, 925, 760	1, 942, 634	24-37	24-75	0-38
1940											
1 February.....	263, 206	504, 691	.....	767, 897	517, 865	249, 885	145, 399	151, 080	28-81	29-17	0-36
29 February.....	249, 885	488, 517	.....	738, 402	543, 611	194, 721	135, 878	154, 112	27-83	28-35	0-52
28 March.....	194, 721	625, 141	.....	819, 862	639, 224	180, 352	170, 022	179, 272	27-20	28-04	0-84
25 April.....	181, 607	635, 950	.....	817, 557	685, 806	132, 788	175, 947	191, 557	27-67	27-93	0-26
23 May.....	132, 788	682, 397	.....	815, 185	648, 004	167, 105	167, 521	183, 974	24-55	25-30	0-75
20 June.....	167, 105	848, 464	.....	1, 015, 569	802, 469	212, 950	194, 354	189, 560	22-91	23-62	0-71
18 July.....	212, 948	991, 728	.....	1, 204, 676	823, 159	381, 328	219, 982	187, 904	22-18	22-83	0-65
15 August.....	381, 328	887, 094	.....	1, 268, 422	790, 152	387, 682	201, 236	186, 315	22-68	23-57	0-89
12 September.....	387, 682	972, 717	.....	1, 360, 399	889, 343	471, 074	216, 147	206, 501	22-22	23-22	1-00
10 October.....	471, 074	960, 916	.....	1, 431, 990	954, 936	477, 096	234, 817	240, 304	24-44	25-16	0-72
7 November.....	477, 096	945, 364	.....	1, 422, 460	833, 772	588, 714	258, 073	232, 062	27-30	27-83	0-53
5 December.....	588, 714	993, 415	.....	1, 582, 129	1, 057, 132	524, 973	293, 420	320, 287	29-54	30-27	0-73
2 January (41).....	524, 973	825, 978	.....	1, 350, 951	876, 736	474, 181	277, 834	299, 609	33-64	34-17	0-53
	.....	10, 362, 372	.....	.....	10, 062, 579	.....	2, 690, 630	2, 702, 537	26-27	26-88	0-66

1946

31 January.....	379,928	793,092	.....	1,173,020	831,386	341,501	287,214	314,793	36,21	37,84	1-63
28 February.....	341,501	528,182	.....	869,683	711,787	157,189	200,167	270,389	37,90	38-05	0-15
28 March.....	157,189	486,219	.....	643,408	488,221	155,285	184,430	187,204	37,93	38-34	0-41
25 April.....	155,285	473,591	.....	628,876	516,423	112,447	190,199	212,036	40-16	41-06	0-90
23 May.....	112,447	793,075	.....	905,522	706,078	199,420	319,012	290,111	40-23	41-09	0-80
20 June.....	1,007,185	1,007,185	.....	1,206,605	967,334	238,294	393,579	383,134	39-08	39-61	0-53
18 July.....	1,203,164	1,203,164	.....	1,441,458	1,096,561	344,901	476,749	437,063	39-63	39-86	0-23
15 August.....	1,001,722	1,001,722	.....	1,346,623	941,016	405,497	407,866	386,366	40-72	41-06	0-34
12 September.....	995,760	995,760	.....	1,401,257	1,103,189	298,004	406,984	454,660	40-87	41-21	0-34
10 October.....	875,279	875,279	.....	1,173,283	888,222	304,981	361,262	358,122	41-27	41-25	0-03
7 November.....	304,981	734,643	.....	1,039,624	778,165	267,733	302,291	325,011	41-15	41-77	0-62
5 December.....	267,733	692,223	.....	1,959,956	654,489	298,781	285,093	273,550	41-18	41-80	0-62
2 January (47).....	298,781	616,915	.....	915,696	603,797	312,579	257,082	252,572	41-67	41-83	0-16
	10,210,050	.....	.....	.....	10,266,668	.....	4,072,028	4,145,461	39,84	40-37	0-52

1947

30 January.....	312,579	757,849	.....	1,070,428	668,614	401,029	305,315	271,881	40-29	40-66	0-37
27 February.....	253,821	571,509	.....	804,165	721,073	182,977	228,947	302,329	41-85	42-04	0-19
27 March.....	182,977	633,776	.....	816,753	689,539	127,375	268,814	293,767	41-60	42-06	0-46
24 April.....	127,375	845,379	.....	972,754	751,066	211,851	413,788	366,531	42-42	42-61	0-19
22 May.....	1,092,514	1,092,514	.....	1,304,365	1,058,484	245,860	549,687	538,288	48-94	48-16	0-78
19 June.....	1,236,144	1,236,144	.....	1,482,004	1,116,704	365,289	630,730	576,076	50-31	50-85	0-54
17 July.....	954,718	954,718	.....	1,320,007	1,045,173	275,143	509,345	556,771	51-03	51-59	0-56
14 August.....	1,113,836	1,113,836	.....	1,388,979	1,069,849	319,074	637,656	616,340	53-35	53-27	0-08
11 September.....	843,865	843,865	.....	1,162,939	894,554	268,375	515,903	551,922	57-25	57-61	0-36
9 October.....	887,293	887,293	.....	1,105,068	852,840	252,320	515,457	528,814	61-14	61-70	0-56
6 November.....	977,573	977,573	.....	1,229,893	946,575	283,001	606,191	624-01	61-56	62-01	0-45
4 December.....	721,887	721,887	.....	1,004,888	724,992	279,632	481,598	483,695	62-01	66-72	0-42
31 December.....	11,136,687	11,136,687	.....	.....	11,168,772	.....	5,902,568	5,938,773	67-14	66-72	0-44
	653,921	653,921	.....	938,553	723,825	209,673	469,475	516,975	52-22	52-44	0-23
28 January.....	805,408	805,408	.....	1,015,091	806,352	208,655	551,642	553,391	71-79	71-49	0-37
25 February.....	1,459,329	1,459,329	.....	.....	1,530,177	.....	1,021,117	1,070,366	68-49	68-63	0-14
	.....	.....	.....	.....	.....	.....	.....	.....	70-14	70-03	0-23

1948

28 January.....	279,632	653,921	.....	938,553	723,825	209,673	469,475	516,975	71-79	71-49	0-37
25 February.....	209,673	805,408	.....	1,015,091	806,352	208,655	551,642	553,391	68-49	68-63	0-14
	.....	.....	.....	.....	.....	.....	.....	.....	70-14	70-03	0-23

12 March, 1948

CANADA PACKERS LIMITED

BUTTER OPERATIONS AT ALL PLANTS

Page 23 of submitted statement

Fiscal year ending March	Seals 000's lbs.	Profit or loss	Profit or loss per lb.
		\$	cts.
1929.....	21,000 (Est.)	55,493	0.26
1930.....	21,000 (Est.)	39,802	0.19
1931.....	21,722	43,182	0.20
1932.....	23,909	115,252	0.48
1933.....	18,838	10,132	0.05
1934.....	21,462	59,233	0.28
1935.....	23,314	58,485	0.25
1936.....	23,749	55,373	0.23
1937.....	24,941	17,858	0.07
1938.....	25,299	129,379	0.51
1939.....	24,345	180,653	0.74
1940.....	26,178	144,817	0.55
1941.....	25,571	385,758	1.51
1942.....	29,145	76,025	0.26
1943.....	34,131	201,794	0.59
1944.....	36,323	98,868	0.27
1945.....	36,211	56,705	0.16
1946.....	28,858	49,044	0.17
1947.....	22,163	42,445	0.19
Sub-total.....	488,159	672,894	0.14
1948 (to March).....	22,901	524,818	2.29
Total.....	511,060	1,197,712	0.23

12 March, 1948.

PRICES

1299

Week ending	In			Week ending	Out			
	Number boxes		Purchase price		Number boxes		Transfer at market price	
	Week	To-date	Week		Average to-date	Week	To-date	Average to-date
June 5.....	6,954	6,954	48-60	48-60	Nov. 12.....	5,079	5,079	58-22
12.....	12,998	19,952	49-00	48-89	19.....	5,045	10,124	60-55
19.....	8,685	28,637	50-06	49-25	26.....	6,106	16,230	62-13
26.....	8,096	36,733	51-20	49-66	Dec. 3.....	5,218	21,448	63-23
July 2.....	7,520	44,253	50-18	49-81	10.....	6,057	27,505	64-82
9.....	9,222	53,475	49-40	49-75	17.....	4,801	32,306	65-58
16.....	10,686	64,171	51-00	49-97	24.....	5,166	37,472	67-76
23.....	9,391	73,562	50-92	50-09	31.....	3,746	41,218	68-24
30.....	4,890	78,452	51-80	50-20	Jan. 7.....	4,537	45,755	67-51
Aug. 6.....	8,450	86,902	52-05	50-38	14.....	4,869	50,624	67-99
13.....	5,176	92,078	53-07	50-57	21.....	4,959	55,583	66-45
20.....	5,059	97,139	54-31	50-74	28.....	5,818	61,401	66-48
27.....	4,274	101,411	55-80	50-94	Feb. 4.....	5,611	67,012	66-42
Oct. 15.....	2,941	104,352	56-00	51-00	11.....	5,068	73,080	66-50
					18.....	5,045	77,125	66-36
					25.....	4,004	81,129	66-42

Average carrying charges (to 1 March).....

2-91

Average cost to-date.....

53-91

ALL CANADA BUTTER POSITION
DOMINION STOCKS AS AT FIRST OF EACH MONTH
(000's Omitted)

Page 25 of submitted statement

Month	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948
January.....	43,770	41,631	33,394	44,096	22,806	46,878	40,821	36,246	43,919	43,576
February.....	34,269	33,213	27,566	33,029	15,182	33,533	30,618	22,988	31,343	31,568
March.....	22,888	23,353	18,415	21,602	12,200	19,877	20,641	9,870	23,890	18,813
April.....	12,541	14,263	11,337	11,200	9,877	11,380	12,754	5,320	15,177	
May.....	9,650	10,488	9,983	6,510	11,337	9,283	12,540	6,847	11,207	
June.....	14,274	15,550	20,000	11,332	19,543	17,424	19,561	18,129	23,533	
July.....	31,796	33,660	37,361	28,000	41,843	37,512	39,551	39,553	42,349	
August.....	45,826	50,676	52,209	42,858	62,500	53,888	56,044	58,555	58,560	
September.....	54,936	58,489	62,708	50,500	75,457	63,846	67,674	68,626	66,938	
October.....	57,013	59,300	69,000	52,893	78,901	67,794	71,588	70,655	73,497	
November.....	56,392	52,253	65,145	44,464	72,615	63,809	65,149	67,105	70,969	
December.....	49,429	42,289	54,156	32,305	59,687	52,298	51,799	55,982	59,302	

ALL CANADA BUTTER POSITION

PRODUCTION
(000's Omitted)

Page 26 of submitted statement

Month	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948
January.....	9,798	10,727	11,672	10,701	13,101	11,037	11,424	9,639	9,807	8,948
February.....	8,474	9,959	9,905	9,410	11,903	10,892	10,601	8,631	8,674	8,078
March.....	10,898	12,351	12,346	11,662	15,504	14,022	14,525	11,813	12,076	
April.....	15,873	16,663	19,033	17,029	22,870	19,882	20,833	19,589	20,737	
May.....	27,674	27,249	32,848	29,168	32,005	33,919	32,024	31,498	31,269	
June.....	41,186	40,904	40,498	41,412	46,623	45,531	43,910	42,378	43,128	
July.....	38,189	39,608	39,336	40,230	44,547	41,464	42,445	40,836	42,240	
August.....	33,928	33,811	35,400	36,165	38,969	37,061	38,166	34,015	36,527	
September.....	29,878	26,424	32,415	31,595	32,830	30,977	30,379	24,025	33,142	
October.....	23,736	22,604	24,896	25,098	25,120	24,375	23,782	21,807	27,169	
November.....	15,459	15,000	14,985	16,899	15,793	16,333	14,354	13,863	15,051	
December.....	11,779	12,308	11,849	14,535	12,370	12,400	10,566	10,292	10,332	
Total.....	267,612	264,152	285,356	284,304	312,310	298,252	293,541	270,043	290,152	

IMPORTED—February—April 1947, Additional 5,000,000.

PRICES

1301

CONSUMPTION

Month	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948
January.....	19,298	18,590	17,434	21,623	20,725	24,382	21,627	22,897	22,383	
February.....	19,855	19,124	18,981	20,800	14,838	24,548	20,579	21,747	16,127	20,956
March.....	21,245	19,734	19,331	21,953	17,917	22,500	22,142	16,363	20,789	20,833
April.....	18,764	20,130	20,137	21,576	21,410	21,979	21,047	18,062	24,707	
May.....	23,050	22,125	23,020	24,346	23,800	24,778	25,048	20,216	18,943	
June.....	23,664	22,920	23,137	24,744	23,800	25,443	23,920	20,954	24,312	
July.....	24,159	22,007	24,489	28,000	26,012	27,103	26,536	21,836	26,029	
August.....	24,818	25,992	24,900	26,900	23,800	25,008	26,465	23,944	23,149	
September.....	27,801	25,379	23,300	29,202	26,012	27,029	27,029	27,753	26,583	
October.....	24,357	23,671	28,284	31,406	29,386	28,560	30,464	26,230	29,697	
November.....	22,482	24,824	26,000	33,527	28,708	27,844	27,724	26,113	26,718	
December.....	19,579	20,971	22,000	24,034	25,200	23,877	26,099	22,257	26,058	
Total.....	269,000	271,000	274,000	295,765	288,238	304,300	297,873	262,372	290,495	

IMPORTED—February—April 1947, Additional 5,000,000.

12 March, 1948.

Page 27 of submitted statement

CANADA PACKERS LIMITED

BUTTER SALES TO THE CANADIAN RED CROSS SOCIETY

This company was the major supplier to the Canadian Red Cross Society during the war years.

Contracts were given to us by the Purchasing Department of the Red Cross to cover their requirements over approximately six-month periods.

Selling price during the production season was wholesale market and, during the withdrawal from storage season, was cost.

To these prices were added labour, cost of tins and other expenses, plus a profit of one cent per pound.

In the early war years this amounted to $8\frac{1}{2}$ cents per pound which through improved efficiency and increased volume was gradually reduced to $6\frac{1}{4}$ cents.

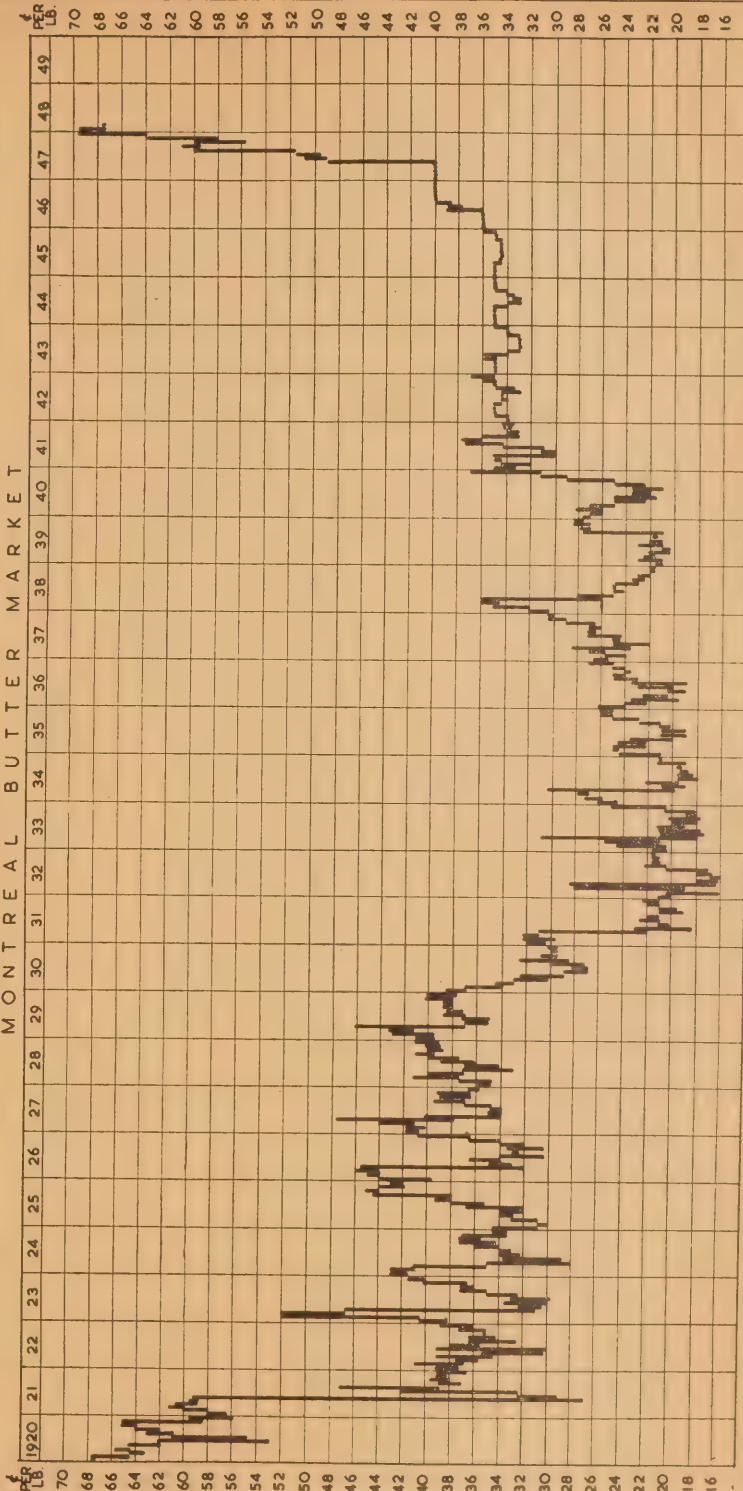
Shipments to the Canadian Red Cross Society were:

1941	700,000 pounds
1942	2,500,000 "
1943	4,200,000 "
1944	5,100,000 "
1945	2,000,000 "
Total	<u>14,500,000</u> "

BASIS: WHOLESALE, SOLIDS FIRST GRADE

MONTREAL BUTTER MARKET

HIGH & LOW EACH MONTH



By Mr. Monet:

Q. Mr. McLean, during the course of my examination we will eventually have to come back to your memorandum. The line of questioning I have here was prepared in connection with exhibit 59 which was submitted to me yesterday, so I should like to proceed in the order of the information given in that exhibit 59. Beginning on page 1 I see that you have mentioned there that the company owns and operates a certain number of creameries?—A. Yes.

Q. That is on page 1. I understand the company operates 15 creameries altogether?—A. That is correct.

Q. And you have listed there the different places where those creameries are being operated?—A. Yes.

Q. You also have listed 6 cold storages, 8 distributing plants, and 18 distributing branches?—A. The plants are our main packing house plants.

Q. Well, I was just going to ask you to please describe for the benefit of the committee the basis of operation as between the creameries, plants and the branches so as to have the whole structure of your organization.—A. All the butter operations of the company are conducted by a manager at head office, Toronto. There are 8 main plants at Charlottetown, Montreal, Hull, Peterborough, Toronto, Winnipeg, Edmonton and Vancouver. Those are the major packing plants, and at each one of those plants there is a produce department which handles the butter. At the head office there is a produce department which generally directs the produce operations. Beginning at the source all butter manufactured in the creameries is turned over to one or other of the main plants except that some creameries have local customers. For instance, at Wiarton there is one. I do not know who the customers are. I have no doubt that Wiarton has other customers in Wiarton and perhaps in Owen Sound to whom they sell butter all the year round, but in the main all the butter made in all the creameries is turned over to the nearest of the main plants.

During the storage operations it is stored wherever we can find storage, but you have mentioned we have 6 storage plants of our own. Frequently, however, we take public storage; we have to go to other storage plants to find storage for our own butter. These storage plants are operated as an independent business—each one of them. In regard to the distributing branches those are entirely sales branches. They do not produce and they do not store. Butter is shipped to them from week to week. You will note they are mostly at key points, Sydney, Halifax, Quebec, and so on. Their business is just to order from week to week from their plant, their source of supply, the quantity of butter that they think they can sell, and it is sold. I think that covers the picture pretty well. We buy butter. All the butter made in our own creameries is only about 20 per cent of the total quantity of butter we handle. We produce about 6,000,000 pounds a year in the creameries and sell about 25,000,000 pounds so that the balance is bought from other creameries.

Mr. WINTERS: Mr. Monet, are you going to ask the witness a question as to how the distributing plants operate, such as the one at Charlottetown where there are no associated creameries?

Mr. MONET: Yes, I would like the witness to give us all the operations of the creameries in regard to distributing plants and branches.

The WITNESS: I think I have covered that.

Mr. MONET: You have no more information to give us as far as that is concerned?

The WITNESS: Not that I can think of.

Mr. WINTERS: It would appear the distributing plants draw on creameries for butter but in connection with Charlottetown, located in Prince Edward Island, there would seem to be no creameries associated with your company there. How do you get butter?

The WITNESS: We buy butter entirely, or chiefly, from the local creameries in Prince Edward Island and Nova Scotia, and to the extent that we cannot buy from the local creameries we ship from the west, from one of our main plants.

By Mr. Monet:

Q. The creameries sell only to the plants, in your organization?—A. In the main, yes. Each creamery has a few local customers whom they have always supplied. Each one of those creameries was bought at one time from a previous owner. The creameries had local customers and we continued to supply the local customers from each creamery.

Q. At what price do your creameries sell butter to the plants?—A. At the market price, whatever it is.

Q. At the market price?—A. Yes.

Q. And they are absolutely independent?—A. They operate entirely on their own.

Q. On their own?—A. Yes, and the market price is determined by the average price we pay for all the butter we buy week by week.

Q. Do the branches buy butter only from the plants?—A. They do not buy butter. It is sent to them on consignment. They tell us how much to ship and they get a commission for selling it.

Q. So the creameries sell to the branches but the branches consign the butter to the distributing plants?—A. Well I think in Saint John and Halifax, for instance, where we have branches and where there are local creameries, they buy butter from the local creameries.

By Mr. Winters:

Q. What would be the differentiation between the plant at Charlottetown and the one at Halifax?—A. None at all, I would think.

Q. You list one as a distributing plant and the other as a distributing branch?—A. One is a packing plant where we slaughter but the other is purely selling.

Q. As far as the butter operations are concerned there is no difference?—A. They are just the same.

By Mr. Monet:

Q. Mr. McLean, on pages 2 to 22 of exhibit 59 you have given to the committee separately, information that was requested and which is broken down as follows: from pages 2 to 8 you deal with creameries; from pages 9 to 15 you deal with plants; from pages 16 to 22 you deal with branches?—A. Yes.

Q. Now, Mr. Chairman, I suggest that those details contained in pages 2 to 22 inclusive be passed over for the time being in view of certain summaries that have been prepared for the committee and which appear at page 23 and the following pages. After questions on pages 23 and subsequent pages are completed, we will come back to the creameries, plants, and branches. Now, Mr. McLean, turning to page 23 of exhibit 59 would you first describe what you mean by butter operations at all plants? What do you mean by "all plants"?—A. Well it would be more accurate to say through the whole system.

Q. I see at the top of the page you have used the words "butter operations at all plants"?—A. Yes.

Q. I would like the committee to know what you mean by that expression?—A. Those statements have all been prepared by our head auditor, Mr. Child, who is sitting alongside me. Would it be satisfactory for him to answer?

Q. He has the privilege of being sworn and can answer if you would like him to do so. He may answer instead of you, Mr. McLean. (In the succeeding pages, Mr. McLean will not be called "The Witness".)

Arthur James Edward Child, Assistant Treasurer and Chief Auditor, Canada Packers Limited, sworn.

Mr. MONET: What is your name please?

Mr. CHILD: Arthur James Edward Child.

Mr. MONET: And your address, Mr. Child?

Mr. CHILD: 12 Oriole Crescent, Toronto.

Mr. MONET: What is your occupation with Canada Packers Limited?

Mr. CHILD: Assistant treasurer.

Mr. McLEAN: And chief auditor.

Mr. MONET: Now when I ask questions, whether they be directed to Mr. McLean or to Mr. Child, either of you gentlemen may answer. What do you mean on page 23 by the words "butter operations at all plants"?

Mr. CHILD: That covers operations of our eight main plants as shown on page 1.

Mr. MONET: The eight distributing plants?

Mr. CHILD: That is right.

Mr. MONET: And does it cover anything else?

Mr. CHILD: No.

Mr. MONET: It just covers the eight plants?

Mr. CHILD: Yes.

Mr. MONET: In column 1 you indicate the fiscal year which ends with the end of March?

Mr. CHILD: The last Thursday in March, yes.

Mr. MAYBANK: Does it run by weeks?

Mr. CHILD: We operate on a 13-period year and the 13 periods each have 4 weeks.

Mr. MONET: Now I see in the second column on page 23 under the heading "sales", that for the period from 1929 to 1947, both years inclusive, your highest sales volume was in 1944, is that correct?

Mr. CHILD: Yes.

Mr. MONET: The sales at that year were 36,323,000 pounds?

Mr. CHILD: Right.

Mr. MONET: And in the same column, for the eleven months of the fiscal year 1948, that would be to March 1st, from April 1, 1947 to March 1, 1948, would it?

Mr. CHILD: That is correct.

Mr. MONET: Your sales volume was 22,901,000 pounds?

Mr. CHILD: Yes.

Mr. MONET: The next column is headed "profit or loss". Is it right to state your highest profit in any of those years between 1929 to 1947 both inclusive was made in 1941?

Mr. CHILD: That is right.

Mr. MONET: Where a profit of \$385.758 is listed as the profit. That would be an equivalent of 1.51 cents per pound of butter as it appears in the third column headed "profit or loss per pound"?

Mr. CHILD: That is right.

Mr. MONET: So we can take it from the year 1929 to 1947, both years inclusive, the largest profit made by the company on a pound of butter was in 1941?

Mr. CHILD: That is correct.

Mr. MONET: And that profit was 1.51 cents?

Mr. CHILD: That is correct.

Mr. MONET: Now the total profit or rather the average profit for the nineteen years already mentioned, that is 1929 to 1947, would be \$672,894 as it appears in column 3 under the heading "profit or loss", is that correct?

The CHAIRMAN: It is column 2—no, column 3.

Mr. MONET: Yes, the total, it gives an average of .14 cents per pound.

Mr. CHILD: Right.

Mr. MONET: That would be the average for that period of years?

Mr. CHILD: Yes.

Mr. MONET: Now, on page 23 it is shown that the profits for the eleven months, that is to March 1, 1948, amounted to \$524,818?

Mr. CHILD: That is correct.

Mr. MONET: An equivalent of 2.29 cents per pound?

Mr. CHILD: Correct.

Mr. MONET: That is profit. That would be a total sales in pounds of 22,901,000 as it appears in column 1?

Mr. CHILD: That is correct.

Mr. MONET: Now would you tell the members of the committee whether the profit or loss as mentioned in column 3 on page 23 is after deducting all expenses applicable to the butter operations?

Mr. CHILD: Yes, that is correct.

Mr. MONET: So that would be clear profit?

Mr. CHILD: Net profit.

Mr. MAYHEW: Before income tax?

Mr. CHILD: Yes, before income tax.

Mr. MONET: Net profit as far as the operation of the company is concerned?

Mr. CHILD: Just for the operation of the company.

Mr. MONET: Would you turn to page 24 and explain to the members of the committee what you mean by the heading "storage butter account, 1947-48"?

Mr. McLEAN: I am familiar with that.

Mr. MONET: Well, either one of you gentlemen may answer.

Mr. McLEAN: This is the history of the butter stored, the movement into storage or out of storage, until the end of February. For instance in the week ended June 5th we stored 6,954 boxes of butter at a cost of \$48.60. The average cost was \$48.60.

Mr. MONET: Excuse me, Mr. McLean, would you take the total so that we can save time. We may come to that division later but from June 5th to October 15th I take it you did store butter to the extent of 104,352 boxes, is that right?

Mr. McLEAN: That is correct.

Mr. MONET: That would make how many pounds?

Mr. McLEAN: 56 times that.

Mr. MONET: Would my figure be correct, 5,843,712?

Mr. CHILD: That is right.

Mr. MAYBANK: That is an addition on what?

Mr. MONET: That is the multiplication of 104,352 boxes of butter containing 56 pounds each.

Mr. MAYBANK: Yes.

Mr. MONET: So I take it that from June 5, 1947, to October 15, 1947, you stored 5,843,712 pounds of butter?

Mr. McLEAN: That is correct.

Mr. MONET: Would this butter be stored in your own cold storage or would you have to rent accommodation somewhere?

Mr. CHILD: All over; mostly in our own cold storage, but I judge some of it was in other places, I am not sure.

Mr. MONET: Could you give the members of the committee the proportion of this butter which would have been stored in your own cold storage?

Mr. CHILD: I should think 90 or 95 per cent.

Mr. MONET: In your own?

Mr. WIGGINS: No, it would be about 80 per cent.

Mr. MONET: Would it be all right, Mr. Chairman, to have Mr. Wiggins sworn, too?

The CHAIRMAN: Yes.

Mr. McLEAN: This is Mr. Wiggins, the manager of the produce department.

Ford Wiggins, Manager of Produce Department, Canada Packers Limited, called and sworn.

Mr. MONET: Would you give us your full name?

Mr. WIGGINS: Ford Wiggins, 67 Anderson Avenue, Toronto.

Mr. HARKNESS: Do you mind if I interject a question here? You said you stored for 17 weeks, but I notice this statement only covers 14 weeks.

Mr. McLEAN: You will notice that butter kept going in until August 27. On that date, the price of butter was 60 cents or over and it got so high we were afraid to go along storing it. We had planned originally to store 120,000 boxes because that was the quantity we estimated we required. We were so afraid of the price at that point we ceased operating.

Mr. HARKNESS: You quit storing?

Mr. McLEAN: I may say, by way of amplification of the policy I described in the memorandum, that we always, if butter prices go extremely low, buy some extra. We step up our buying program a little. If the prices go extremely high, we step down our buying program. They got so high at that stage we quit buying altogether. Later, in October, when the market receded, as you will see from that photostat, we bought an additional 2,941 boxes.

Mr. MONET: Now, Mr. McLean, while we are on this question of stored butter which has been set at 5,843,712 pounds, I understand this was quite a small proportion of your whole handling of butter?

Mr. McLEAN: That is correct.

Mr. MONET: Would I be right in saying it would be about one-quarter of your butter transactions during the year?

Mr. McLEAN: That is correct.

Mr. MONET: So that the other three-quarters of your butter handlings would have been sold during the course of the year?

Mr. McLEAN: We buy butter every week in the year, including the winter weeks. We count on, in the winter season, buying half our requirements currently and getting the rest from storage.

Mr. MONET: Now, coming back to this page 24, in the third column or the fourth column to the left if we take the week as one column you give the price paid for butter for every week?

Mr. McLEAN: That is correct.

Mr. MONET: On the first line, for the week of June 5, we can take the June 5 price mentioned under the heading week, as 48·60? Would that mean you paid 48·60 cents for a pound of butter?

Mr. McLEAN: That is the average price paid for those 6,954 boxes.

Mr. MONET: Those 6,954 boxes were all purchased during the week ending June 5?

Mr. McLEAN: That is correct.

Mr. MONET: The same applies for all the other weeks, so far as the number of boxes is concerned and so far as the price is concerned?

Mr. McLEAN: That is correct?

Mr. MONET: I also take it in the last column on the first half of that page, you give the weekly average price for the butter in storage at the time?

Mr. McLEAN: That is the average cost to date.

Mr. MONET: So, for instance, for the first week you paid 48·60 cents a pound so your average, of course, was 48·60 cents a pound?

Mr. McLEAN: Yes.

Mr. MONET: Following it up, for the week ending June 12, you had purchased butter at an average price of 49 cents?

Mr. McLEAN: Yes.

Mr. MONET: For the 12,998 boxes, is that correct?

Mr. McLEAN: Yes.

Mr. MONET: And the average to June 12 for all the butter stored in those two weeks was 48·89?

Mr. McLEAN: Correct.

Mr. MONET: Following that up to the week ending October 15, which was the last week you stored butter according to this statement—that is correct?

Mr. McLEAN: That is correct, yes.

Mr. MONET: Following this average to date price down to October 15, could I take it that the average price for the 5,843,712 pounds of butter you had in storage was 51 cents a pound?

Mr. McLEAN: That was the price at the date of purchase. Of course, there was an accumulation of carrying charges.

Mr. MONET: I am coming to that but, for the moment, we can take it that the average cost per pound of butter was 51 cents?

Mr. McLEAN: That is correct.

Mr. MAYBANK: I do not see how you arrive at that if it comes from the column where October 15 purchases are shown as 51 cents?

Mr. MONET: 56 cents, as shown in the third column.

Mr. MAYBANK: I see, that is all right.

Mr. MONET: The average is 51. While we are on the quantity of butter, Mr. McLean, I understand that on October 15 when you stopped storing butter for the year 1947, you had 104,352 boxes in stock?

Coming to the other section of the page, under the heading, "out", the number of boxes, the last line, I read 81,129 boxes. May I take it that this is the total number of boxes sold during that period?

Mr. McLEAN: Yes, up to that date.

Mr. MONET: Out of storage, we are on storage only. That selling was from November 12 to February 25?

Mr. McLEAN: Yes.

Mr. MONET: So that on that date, February 25, you still had on hand 23,223 boxes of butter?

Mr. McLEAN: Correct.

Mr. MONET: In pounds, what would the amount be?

Mr. McLEAN: 56 times that.

Mr. MONET: I know. Would it be correct if I said 1,300,488 pounds?

Mr. McLEAN: I have no doubt.

Mr. MONET: Would you figure it out and see if it is correct? I may be wrong.

Mr. CLEAVER: While that is being worked out, would you mind asking the witness if page 15 of his memorandum is a complete statement of all butter in storage?

Mr. MONET: We will come to that later. I want to settle right now—I should not use the word “settle”, but I desire to bring before the committee all the evidence concerning the storage of butter. Then, we will discuss the operations.

Mr. CLEAVER: Page 15 is in regard to storage and I just wanted to know if that is a complete figure on storage.

Mr. MONET: These pages 23 and 24 summarize all the other pages. This is a summary and I take it it is a complete summary, from the information I received and the study I made of the memorandum.

Mr. CHILD: Of the storage operations?

Mr. MONET: Which are all there in detail.

Mr. CLEAVER: Page 24 would not include all the butter on hand for all Canada Packers?

Mr. MONET: No, we are only dealing with storage operations. This represents only one-quarter.

Mr. CLEAVER: It is only one-quarter of the sales, but I think we should have the amount of butter on hand in the distributing plants.

Mr. MacINNIS: I think we should permit Mr. Monet to continue.

Mr. MONET: So, you would still have on hand on February 25, 1,300,488 pounds of butter?

Mr. CHILD: Correct.

Mr. MONET: At what price per pound would you have bought that butter? What did you pay for that butter, in other words?

Mr. WIGGINS: It is included in the 51 cents.

Mr. MONET: So, at the end of February you still had that amount of butter which is mentioned at a cost price to you of 51 cents?

Mr. McLEAN: Plus charges.

Mr. MONET: Now, talking about charges; on page 24 you mentioned the average carrying charge of 2·91 cents to the first of March.

Mr. WINTERS: Cents per box?

Mr. MONET: Is that on a box or on a pound?

Mr. McLEAN: That is by the pound, sir.

Mr. MONET: Would you give the committee an explanation of this 2·91 cents per pound against butter which is qualified as a carrying charge; would you explain what you mean by, “carrying charges”?

Mr. WIGGINS: That includes two items only, the actual amount paid to the storages for the storage of the butter and the interest on the money invested in the butter.

Mr. MONET: As to the amount paid to the storage, I understand that most of that butter was stored in your own storage?

Mr. WIGGINS: That is correct. The butter department pays to the storage a charge just the same as if it was an independent concern.

Mr. MONET: Was the storage, which is included in the average carrying charges, paid to the cold storage mentioned on page 1 of your memorandum, if it was paid by Canada Packers?

Mr. WIGGINS: Yes.

Mr. MAYBANK: What is the rate of interest on the money employed; how much is that?

Mr. McLEAN: I do not know what it is.

Mr. WIGGINS: 6 per cent.

Mr. MONET: So I take it, Mr. McLean, that the average cost to October 15, 1947 for all your stored butter from the period of June 5, 1947, including the carrying charges that you have just described, was 53·91 cents per pound.

Mr. McLEAN: That is correct.

The CHAIRMAN: Mr. Monet wishes to conclude his questioning for now. I suggest we adjourn until 4 o'clock.

AFTERNOON SESSION

The committee resumed at 4 o'clock p.m.

The CHAIRMAN: The meeting will come to order, please.

Mr. MONET: Mr. McLean, at the adjournment, I think you had just mentioned that of the 104,352 boxes of butter stored between June 5 and October 15, 81,129 had been sold by February 25, 1948?

Mr. McLEAN: You are taking that from the statement?

Mr. MONET: From page 24.

Mr. McLEAN: That is correct.

Mr. MONET: And also that the average price as reported in the last column on page 24, the last line, for each pound of those 81,129 boxes was 65·12 cents?

Mr. McLEAN: Correct.

Mr. MONET: And you have already given in evidence that the total butter stored for the period June 5 to October 15 averaged 53·91 cents a pound including all charges?

Mr. McLEAN: Yes.

Mr. MONET: So that if we take the difference between 65·12, which is the average of your selling price, and 53·91 which is the average for your purchase price including charges, there would be a net difference of 11·21 cents a pound?

Mr. McLEAN: That is right.

Mr. MONET: That would be for each pound of butter stored during the period mentioned, June 5 to October 15?

Mr. McLEAN: Yes.

Mr. MONET: Would it also be a fair statement that besides you still would have had on hand at that date, February 25, 23,223 boxes?

Mr. McLEAN: Yes.

Mr. MONET: For a total of 1,300,488 pounds. Is that correct?

Mr. McLEAN: Yes.

Mr. MONET: Would it also be a fair statement that this balance of butter at that date cost you an average of 53·91 a pound?

Mr. McLEAN: Yes—well, there would be carrying charges—

Mr. MONET: Plus carrying charges since that date?

Mr. McLEAN: That is right.

Mr. MONET: If my figures are correct, Mr. McLean, the number of pounds sold, as it appears on page 24, multiplied by the net profit of 11.21 cents a pound would give a total of \$509,295.41. Will you tell me if that is correct?

Mr. McLEAN: Mr. Child is working that out. \$509,105.

Mr. MONET: \$509,105?

Mr. McLEAN: It is on this statement.

Mr. CHILD: That is approximately correct because actually the butter would not go out at the average price, but it should be approximately correct.

The CHAIRMAN: Louder, please, and no talking.

Mr. MONET: Could it be \$509,295 just as well as the other figure?

Mr. CHILD: No, the correct figure is the one on the sheet.

Mr. MONET: The correct figure would be the one that appears on table 2 filed this morning, that you talked about this morning, \$509,105?

Mr. CHILD: That is right.

Mr. MONET: Coming back to page 23, Mr. McLean, for the 11 months ending March 1, 1948, you show a profit of \$524,818.

Mr. McLEAN: That is correct.

Mr. MONET: Would you tell the members of the committee what the difference is between the \$509,105 and the amount recorded as your benefit on page 23, \$524,818? What does the difference represent?

Mr. McLEAN: That represents the profit on all the other trading.

Mr. MONET: You mean on all other sales of butter?

Mr. McLEAN: Yes.

Mr. MONET: All your operations in butter?

Mr. McLEAN: That is correct.

Mr. MONET: Except butter in storage?

Mr. McLEAN: Yes.

Mr. MONET: And that would amount to something like \$16,000?

Mr. McLEAN: Yes, it was very small.

Mr. MONET: I have one more question on page 23. I want to make this very clear. I want to know whether or not my calculation is right. Would you take the third column on page 23 entitled "profit or loss", which gives a total of \$672,894 as the total of profit for the years included between 1929 and 1947?

Mr. McLEAN: That is correct.

Mr. MONET: And tell the committee if it would be a fair statement to say that it would be an average of \$35,400.

Mr. McLEAN: Yes.

Mr. MONET: That would be for all your operations in butter?

Mr. McLEAN: Yes.

Mr. MONET: Not only storage butter?

Mr. McLEAN: Including storage.

Mr. MONET: All your operations in butter?

Mr. McLEAN: Yes.

Mr. MONET: So that your average per year for the years 1929 to 1947 would be \$35,400?

Mr. McLEAN: I think there is an explanation I should make here. Following my reading of the paper this morning I had two notes. You began to ask questions and I overlooked it. In computing the department results, you see, in our accounting our business is divided into 30 or 40 departments. Each

department is charged with interest at the rate of 6 per cent on all the money that is used by the department. Part of that is money borrowed from the bank, and part of it is money belonging to the working capital of the company, but the department, for purposes of departmental accounting—and these are department accounts—is charged on the total moneys, so that part of the interest belongs to the company, and in final accounting at the end of the year is added back in. This abstract is simply the department record.

Mr. MONET: Still it gives the total of your profit and loss for those years?

Mr. McLEAN: No, because in addition to that—it is not an important item, but this is the net profit after paying to the company interest on that portion of the company money which was used in the operation.

Mr. MONET: Right, and your average profit for all those years was \$35,400?

Mr. McLEAN: That is right.

Mr. MONET: This will be my last question on those two pages, 23 and 24. I see for the year 1948—and that would be for the 11 months up to March 1st?

Mr. McLEAN: Yes.

Mr. MONET: Your net profit was \$524,818.

Mr. McLEAN: That is correct.

Mr. MONET: Against an average profit of \$35,400 for all the other years since 1929?

Mr. McLEAN: That is correct.

Mr. MACINNIS: I wonder if I might ask a question to clear up a point in my mind. We are dealing now with the operation solely of cold storage plants?

Mr. MONET: That is right, stored butter, just that part.

Mr. McLEAN: No.

Mr. MONET: Pardon me, on this it is the whole operation, the total butter operation on page 23. Page 24 is purely stored butter.

Mr. MACINNIS: Does that include all operations in the creameries and all other operations?

Mr. MONET: I think it does. I will ask the witness, but I gathered from his evidence that it did, that it included everything. To make this very clear, I asked you this morning what you meant by "butter operations at all plants" as listed on page 23. Is it correct to state this covers all your butter operations?

Mr. McLEAN: This covers the 8 main plants.

Mr. MONET: The 8 main plants. What else would not be covered by this statement?

Mr. MACINNIS: Does it cover the creameries?

Mr. WIGGINS: The profit of the creameries is shown separately on page 2.

Mr. MACINNIS: Does it cover the distributing plants?

Mr. WIGGINS: No, that is covered elsewhere.

Mr. MACINNIS: Does it cover the distributing branches?

Mr. CHILD: No.

Mr. MACINNIS: Then it does not cover anything but the cold storage?

Mr. WIGGINS: It covers the distributing plants, sir.

Mr. MONET: Would you explain that? That was my first question this morning on page 23. I asked what you meant by all plants?

Mr. LESAGE: He said the 8 main plants this morning, if I remember correctly, when you asked about page 23.

Mr. MONET: All right.

Mr. LESAGE: I understood it did not cover the creameries.

Mr. CHILD: That is right.

Mr. HARKNESS: That was quite clear. I wrote it down, 8 plants.

Mr. MACINNIS: May I ask again if that covers the 18 distributing branches?

Mr. CHILD: No.

Mr. LESAGE: That is the profit only for the 8 plants.

Mr. IRVINE: May I ask one question arising out of the question before the last one that you asked. Is it customary in business for a company to charge interest on its capital before it declares its net profit? In other words, is not the profit sufficient without taking interest before you take the profit on your capital investment?

Mr. McLEAN: There is no other way of expressing or recording the operations of a department and comparing this department at one point with results at another point, except by charging interest. You remember I explained that in the annual report of this company that interest is all credited back, and the profit shown in the annual report is the total profit.

Mr. IRVINE: Does that include the interest charged?

Mr. McLEAN: Yes.

Mr. IRVINE: In your general statement for the whole business?

Mr. McLEAN: Yes.

Mr. CLEAVER: On what page will we find that general statement?

Mr. McLEAN: That is in the annual report. Mr. Monet asked me to bring down 20 copies of the annual report. I forgot them, but I managed to get them from our Hull plant and they are here for distribution.

Mr. LESAGE: In order that something may be clear in my mind I should like to ask you if the interest charged is charged on all money employed in one branch?

Mr. McLEAN: Yes, in one department.

Mr. LESAGE: All capital employed there?

Mr. McLEAN: Interest is charged on all the money that is used in the department.

Mr. LESAGE: At 6 per cent?

Mr. McLEAN: At 6 per-cent.

Mr. MACINNIS: That is operating money?

Mr. McLEAN: Yes.

Mr. LESAGE: All profits that are shown here are over and above the 6 per cent interest charged?

Mr. McLEAN: That is right. That is the exact point but, Mr. Lesage, there is one thing I should add to that. The money involved in a department is partly company money and partly bank money.

Mr. LESAGE: Oh, yes.

Mr. McLEAN: The charge is made to the department for all the money that is involved, and that charge is credited to interest, and finally goes back into profit, and that interest account is charged with the interest paid to the bank. The rest of it belongs to the company and goes back into the profit.

Mr. LESAGE: I understand that. You need money from the bank for your operation.

Mr. McLEAN: Yes, a great deal of it.

Mr. MONET: Now, Mr. McLean, we will come back to pages 2 to 8 dealing with the creameries.

Mr. McLEAN: Yes.

Mr. MONET: Dealing with the creameries, would you tell the members of the committee what is covered by the figures on page 2?

Mr. McLEAN: I would like to ask Mr. Child who prepared these figures to give the answer. He is much more familiar with the details.

Mr. MONET: All right.

Mr. CHILD: These figures cover the fifteen creameries that are shown on page 1. It is a profit and loss account, year by year, or rather by fiscal years, of our fifteen creameries.

Mr. MONET: Mr. Child, would you tell the members of the committee the value, in 1947, of all the butter sold in your company as compared with the butter sold under those headings in the creameries?

Mr. CHILD: We show on this statement the sales for 1947 are 7,152,419 pounds, but I should explain that for the most part that is merely a transfer to the packing plants and they are not sales to the public. The figure is put in here to give you an idea of the volume these creameries handle.

Mr. MONET: I was going to ask you where the butter went but now I understand you to say it goes to the plants.

Mr. CHILD: That is right. There would be a very, very unimportant amount of that which would not go to the plants.

Mr. MONET: Now I understand on the following pages, pages 3, 4, and 5, there are statements showing the profit and loss for the creameries during the years 1946, 1947, and 1948.

Mr. CHILD: Yes.

Mr. MONET: Would you tell the members of the committee if the operation of your creameries for those years has been a profitable operation or otherwise, and would you please explain?

Mr. CHILD: Well, for the calendar year 1946 this statement shows our creameries lost \$26,192.83 on the same basis of accounting as followed on the previous statement which Mr. McLean explained. Then in the calendar year 1947 you will see that the creameries made a profit of \$69,692.27.

Mr. IRVINE: To which page are you referring?

Mr. CHILD: I am referring to page 4.

Mr. MONET: As you change pages would you just mention the fact so the members of the committee will be able to follow you.

Mr. CHILD: I will go back to page 3 and we show a loss in 1946 of \$26,192.84, and on page 4 our profit for the calendar 1947 was \$69,692.27.

The CHAIRMAN: That is for 1947?

Mr. CHILD: I beg pardon?

The CHAIRMAN: That last figure was for the year 1947 and it is on page 4?

Mr. CHILD: Yes, that is right.

The CHAIRMAN: Yes?

Mr. CHILD: On page 5 we show the two months of this calendar year so far, and there is a small loss in both months.

Mr. MONET: So what you tell us is that for those calendar years the operations were not profitable?

Mr. CHILD: No, mathematically they were, because the profit in 1947 is greater than the loss in 1946 and the two months of 1948.

Mr. LESAGE: Well, perhaps I will be able to understand this later?

Mr. CHILD: Just compare pages 3 and 4.

Mr. LESAGE: Well, what about page 2?

Mr. MONET: If you want to question on each of those pages, Mr. Lesage, you are quite at liberty to do so.

Mr. LESAGE: Well, there is a loss for 1947.

Mr. CHILD: I see what is confusing you. Sheet No. 2 has reference to our fiscal year, while sheets Nos. 3 and 4 as requested are on a calendar year basis. We were asked to submit the information in that way.

Mr. MONET: Page No. 2, Mr. Child, "butter account—profit and loss statement creameries" is for the fiscal years 1939 to 1947?

Mr. CHILD: Yes.

Mr. PINARD: The other figures are for the calendar year.

Mr. CHILD: That is right.

Mr. MONET: The other figures on pages 3, 4 and 5, are based on the calendar year?

Mr. CHILD: That is right. You will note Mr. Monet, for the entire period from 1939 to date the net result is a loss.

Mr. LESAGE: That is for the entire period—on page 2 we see the figure of \$93,351.03 and that is the accumulated loss since 1939?

Mr. CHILD: That is right.

Mr. MONET: It is under the column headed "total"?

Mr. CHILD: Yes.

Mr. MONET: That is for all the years, 1939 to 1947 inclusive?

Mr. CHILD: That is right.

Mr. MONET: It does not include the two months of January and February of this year?

Mr. CHILD: No, it does not include anything from April of 1947 until now.

Mr. MONET: Well, going to pages 6, 7, and 8, dealing with the purchases and sales to creameries—

Mr. LESAGE: You are going over this very rapidly, Mr. Monet.

Mr. MONET: I am going quickly because, although it is only my opinion. I have gathered from examination of these figures the operation in respect of this section is hardly profitable, but I would leave it to the members of the committee to ask any questions. However, my own questioning on this section will be very brief.

The CHAIRMAN: My own judgment is that counsel is serving a useful function at this stage in covering the figures in this way. The members of the committee will perhaps require the evening in order to give these figures the study which they deserve.

Mr. IRVINE: Hear, hear.

The CHAIRMAN: I think it is not possible for counsel to go over this slowly enough to give us any comprehension at the moment. I think we will require to give this matter some over-night study.

Mr. MONET: As I said this morning the summary on pages 23 and 24 give quite a fair picture of all the operations in so far as accumulation is concerned. Now with respect to the creamery section I have only a few questions to ask this witness. I agree with the chairman that quite a lengthy study will be required with respect to the figures and here I would say, as I pointed out this morning, that Canada Packers have given us all the information, and perhaps even more information than we asked for.

The CHAIRMAN: They are certainly not withholding anything.

Mr. MONET: Now, Mr. Child, on pages 6, 7, and 8, you show the purchases and sales to creameries. With reference to the word "purchases" in the second column which is headed "purchases during period" would it be correct to use the word "produced" there?

Mr. CHILD: For the most part that covers butter produced but there might be some purchases from other creameries.

Mr. MONET: Yes, because I understand your creameries produce butter.

Mr. CHILD: That is right.

Mr. MONET: Would they also purchase butter?

Mr. WIGGINS: Yes, in cases of scarcity we might beg some from a neighbouring creamery.

Mr. MONET: It would be mostly butter manufactured by your creamery however?

Mr. WIGGINS: Yes.

Mr. MONET: Well, in that connection I think there should perhaps be a correction or an addition there because it struck me this butter listed there in the second column should have the heading "produced".

Mr. CHILD: Yes, for the most part.

Mr. MONET: So we can make it read "produced and purchased".

Mr. CHILD: That is right.

Mr. MONET: Now I want to come back to page 9. On pages 9 to 15 the operation of your plants is covered?

Mr. CHILD: Yes.

Mr. MONET: Pages 9 to 15 cover the operation of your plants which are eight in number, I believe you told me this morning?

Mr. CHILD: Yes.

Mr. MONET: And would you tell the members of the committee what page 9 shows?

Mr. CHILD: Page 9 shows the profit and loss statement on butter for our plants from 1939 to 1947 on a fiscal year basis.

Mr. MONET: And would you please give the result of your operation as shown for the year 1947?

Mr. CHILD: The result for 1947 is a loss of \$35,183.20.

Mr. MONET: From the operation of your plant?

Mr. CHILD: Yes, for the fiscal year ending in 1947.

Mr. MONET: And for the calendar year would you have some explanation to give for the periods listed on pages 10, 11, and 12?

Mr. CHILD: For the calendar year ended 1946 our operations of the plants with respect to butter show a net profit of \$13,886.02. Then turning over to page 11 the calendar year 1947 shows a profit for the balance of the year of \$243,013.62. Turning over to the next page, page 12, the profit and loss statement shows, for the two months of 1948, a profit of \$296,653.26.

Mr. LESAGE: On page 23 we have figures for the first eleven months of your fiscal year. Can you give us the first eleven months of your fiscal year, ending at the end of March this year?

Mr. CHILD: You mean at the 1st of March?

Mr. LESAGE: Yes, at the 1st of March, the first eleven months of the present fiscal year.

Mr. CHILD: Well we would have to make a calculation of the figures on pages 11 and 12 to get that.

Mr. LESAGE: Well, if you have a moment tonight I would like to get the figures for your creameries and plants.

Mr. MONET: For the month of April?

Mr. LESAGE: For the present fiscal year.

Mr. CHILD: You want the fiscal year to date, in other words.

Mr. MONET: Now, Mr. Child, there are a few questions I would like to ask with regard to some of the figures on page 11 for the month of December and the period dated December 4?

Mr. CHILD: On page 11?

Mr. MONET: On page 11, yes. I refer to the period that is dated December 4?

Mr. CHILD: Yes.

Mr. MONET: I see that there were 3,024,748 pounds of butter sold?

Mr. CHILD: Yes.

Mr. MONET: Giving you a net profit of \$98,738.88?

Mr. CHILD: Right.

Mr. MONET: That is to be compared with a loss of \$9,193.96 for the period 6th November?

Mr. CHILD: Correct.

Mr. MONET: Now for the period dated December 31 I see there were 2,550,223 pounds of butter sold?

Mr. CHILD: Correct.

Mr. MONET: Giving a profit of \$166,433.39?

Mr. CHILD: Correct.

Mr. MONET: Now turning to page 12 and referring to the period dated 28th January, there are sales of 2,013,206 pounds with a net profit of \$154,205.83.

Mr. CHILD: That is correct.

Mr. MONET: And for the last period, dated 25th February, there were 2,500,935 pounds of butter sold.

Mr. CHILD: Correct.

Mr. MONET: Giving a net profit of \$142,447.53.

Mr. CHILD: Right.

Mr. MONET: Would you tell the members of the committee whether the butter sold during those four months, or during those four periods dated December 4, 1947, December 31, 1947, January 28, 1948, and February 25, 1948, consisted mostly of butter you had in storage at that time.

Mr. CHILD: I think Mr. Wiggins had better answer that.

Mr. WIGGINS: All the profit made on the sales of butter from storage during that period are included in these figures. While I have not totalled them up, they practically make the total profit.

Mr. MONET: What proportion of this butter would come from your stored butter; could you tell us that?

Mr. WIGGINS: Yes.

Mr. MONET: If you cannot do so now, would you figure it out tonight and tell us tomorrow what proportion of these sales were covered by the amount of butter you had in storage at the time?

Mr. McLEAN: It would be roughly fifty-fifty.

Mr. WIGGINS: The exact withdrawals are shown on page 5. However, I will figure it out.

Mr. LESAGE: Mr. Monet, I should like to know if the word "plants" commencing on page 9 and continuing through pages 10, 11 and 22 are all the plants or only the eight plants mentioned on page 1.

Mr. MONET: I would suggest that the witness answer that.

Mr. CHILD: That covers just the eight plants listed. You are asking about sheets 9 to 15, and that covers only the eight plants we have listed on page 1.

Mr. LESAGE: Does it cover all butter operations?

Mr. CHILD: Yes.

Mr. LESAGE: I understand that all your butter operations are listed under one of these eight plants, except the creamery operations; is that correct?

Mr. CHILD: No, there are three divisions, really. There are the eight plants, then there are the creamery operations and the branch operations, three separate divisions.

Mr. LESAGE: Are the profits of the branch operations mentioned here on these pages 9 to 15?

Mr. CHILD: No, they are on pages 16 to 19 and they are in addition to the profits shown on pages 9 to 12.

Mr. LESAGE: Is it the same butter?

Mr. CHILD: No—I beg your pardon, part of it is.

Mr. WINTERS: Are they all consolidated on the table 2 attached to the statement Mr. McLean read?

Mr. CHILD: So far as the weight is concerned, that is our total sales to customers, but all inter-company transactions are excluded.

Mr. LESAGE: The profits on creameries are not included?

Mr. CHILD: I was talking about volume for the moment, pounds.

Mr. LESAGE: Then, table 2 which was supplied with Mr. McLean's statement does not include creameries?

Mr. CHILD: Or the branches.

Mr. LESAGE: Or the branches, it includes only the plants' profits.

Mr. CHILD: That is right.

Mr. WINTERS: So far as the plants are concerned, it includes the whole volume.

Mr. CHILD: It is all of our sales to customers; it includes the whole business.

Mr. LESAGE: So, the plants receive the butter either from your own creamery or from those from whom you buy?

Mr. CHILD: That is right.

Mr. LESAGE: Your creameries are one operation, the plants are receiving the butter and that is a second operation.

Mr. CHILD: Yes.

Mr. LESAGE: That is, pages 9 to 15 and page 23.

Mr. CHILD: Right.

Mr. LESAGE: The profit you make on storage only, that is another thing, because you are using your own storage houses?

Mr. CHILD: No, the profit on storage operations which is shown on—

Mr. LESAGE: Well, the profit is contained in this figure of 2·91.

Mr. CHILD: That is storage profit. Are you talking about the carrying charges?

Mr. LESAGE: The 2·91.

Mr. CHILD: Oh, the 2·91?

Mr. LESAGE: That goes to the division of the storage houses; that is separate?

Mr. CHILD: That is what we pay the storage.

Mr. LESAGE: That is what you pay your storage department?

Mr. CHILD: Either our own storage or some other storage.

Mr. LESAGE: Now, there are the branch operations and they are charged so much by the plant for the butter.

Mr. CHILD: The market price.

Mr. LESAGE: Then, they sell at wholesale at a certain profit and that is another operation?

Mr. CHILD: That is right, but they do not get all of their profit from the plants, by any means.

Mr. LESAGE: No, but does all the butter from the plants go to the branches?

Mr. CHILD: No.

Mr. WINTERS: All the butter from the creameries does not go to the plants, either?

Mr. CHILD: For the most part.

Mr. LESAGE: There is part of the butter from the plants which does not go to the branches, so where does it go?

Mr. CHILD: It goes to our sales divisions that are not covered by branch warehouses. Our branch warehouses are located only in the principal cities. We cover the rest of Canada by our salesmen operating direct out of the plant. The profit made on their sales is shown in these plant figures.

Mr. LESAGE: In pages 9 to 15?

Mr. CHILD: That is right.

Mr. LESAGE: I think it is clear in my mind, now.

Mr. CHILD: Your branches are selling to one section of the public and the plants to another. Do you follow me?

Mr. LESAGE: Yes.

Mr. MACINNIS: To have a clear picture of the profit or loss on butter manufactured, stored and sold, we would have to have profit and loss statements on creameries; a profit and loss statement on storage and distributing plants, and the profit and loss statement on distributing branches?

Mr. CHILD: That would be so, with one exception, that the profit or loss on storage is not a profit or loss on butter. It is a profit or loss on storage operations.

Mr. LESAGE: You do not store butter only?

Mr. CHILD: No, they store anything.

Mr. MACINNIS: You charge so much to butter?

Mr. CHILD: The butter department pays the usual storage rates, either to our own storage or to another storage.

Mr. MACINNIS: Then, leave the storage out and we would want a profit and loss statement on the distribution, and the plants?

Mr. LESAGE: We have it on the plants and the creameries.

Mr. CHILD: I may go further and help you, if you wish. For example, the profits or losses for sheet 2, sheet 9 and sheet 16, would be the total, and that would cover everything on butter.

Mr. LESAGE: Page 2 is for the creameries.

Mr. CHILD: Correct.

Mr. LESAGE: Page 9 is for the plants.

Mr. CHILD: Correct.

Mr. LESAGE: And page 16 is for the branches?

Mr. CHILD: Correct.

Mr. JOHNSTON: Do you pay the same storage rate to your own storage plant as you do to others?

Mr. CHILD: Yes.

Mr. JOHNSTON: What is that rate?

Mr. WIGGINS: It varies in the different cities, sir. A quarter of a cent a pound for the first month, 20 cents per hundred pounds for each succeeding month; that is the general rate, but it varies.

Mr. JOHNSTON: That same general rate applies whether it is your own storage plant or whether it is an outsider's.

Mr. WIGGINS: Yes, our own storage plants charge that rate on other butter or other goods stored in our plant.

Mr. FLEMING: I may be anticipating a question which may better be raised later, but the statement we have just been covering will enable us to measure the company profit and loss accurately as against previous periods and also as against turn-over. Is there any statement here in relation to the capital employed in these various operations?

Mr. CHILD: No, but we could get it for you. We did not bring it with us.

Mr. FLEMING: I was wondering if it would have some significance in enabling us to appreciate the result of your operations?

Mr. CHILD: It could be. We would get it for you.

Mr. FLEMING: Would it be difficult?

Mr. CHILD: I do not think so. We will try, anyway.

Mr. CLEAVER: Do you make a practice of having a financial statement at the end of the fiscal year with respect to each of your subsidiaries or are all figures simply compiled in one statement?

Mr. CHILD: We have only one final annual report of the company. These figures we have in the brief are departmental profit and loss statements.

Mr. CLEAVER: Do you, departmentally, take off a profit and loss statement at the end of each year?

Mr. CHILD: Other than this, no.

Mr. CLEAVER: These statements are simply to convey to your directors information as to what part of your operations are more profitable than otherwise as compared with the other?

Mr. CHILD: That is correct.

The CHAIRMAN: I suggest to the committee we ought not to get too far afield. It seems to me, having in mind the purpose of this committee, the story is revealed statistically to us on pages 23 and 24. Now, counsel has finished with that aspect for the time being, he advises me. Do any members of the committee have any questions on that phase of the problem?

Mr. WINTERS: I have some questions in connection with page 2 of the statement Mr. McLean filed this morning.

The CHAIRMAN: I was hoping the committee would want to study pages 2 to 22, carefully. The story, it seems to me, for the purposes of this committee, is on pages 23 and 24. Does the committee wish to leave the matter with the examination that counsel has produced or is it prepared now to query on it?

Mr. LESAGE: I have some questions on pages 23 and 24 if this is the time to ask them.

The CHAIRMAN: I would think that is what we should be doing.

Mr. WINTERS: I should like to ask one or two questions for the sake of clarification.

The CHAIRMAN: Yes.

Mr. WINTERS: On table 2 of the statement Mr. McLean filed this morning, I understood the witness just said that the volume of butter involved was a consolidation of the volumes handed by all phases of the operation?

Mr. CHILD: That is correct, with inter-company transactions excluded.

Mr. WINTERS: But that the profit and loss was not a consolidation.

Mr. CHILD: That is correct.

Mr. WINTERS: But I see here that profit and loss is related to the total volume when you arrive at the profit and loss per pound?

Mr. McLEAN: I think I can simplify that for you. The volume figures used as the total volume are our ultimate sales to the public. Some of that butter goes through two or three of our institutions. It may go to the creamery, move from the creamery to a plant and move from the plant to a branch. The total volume, if I am not wrong, is the total weight of butter that is sold by Canada Packers to the public. Does that help clear it up?

Mr. WINTERS: Then, how do you arrive at your profit and loss for the lot of that? Where is your profit taken? How many points is it taken at, or at how many points is your loss sustained?

Mr. CHILD: You get the profit quite clearly, without any duplication as I say, if you add them for 2, 9 and 16.

Mr. WINTERS: I will go into that later.

Mr. McLEAN: What profit comes to the company, in total, appears either at the creameries, at the branches or at the plants; pages 2 plus 9 plus 16.

Mr. WINTERS: So, those figures on page 12 show the total volume of butter sold by Canada Packers to the public from all sources?

Mr. CHILD: You mean on table 2 of the memorandum?

Mr. WINTERS: Yes.

Mr. CHILD: Yes.

Mr. WINTERS: On all butter operations.

Mr. CHILD: Yes.

Mr. WINTERS: The profit and loss is the figure that is obtained after your other profits are extracted if you sell from the creameries to the plants and so on?

Mr. CHILD: It is not exactly extracted, it is not included. They are separate profit and loss statements. We have not added them into this. We regard our plants as the main operation.

Mr. LESAGE: Table 2, then, is only the plants' profit and loss?

Mr. CHILD: That is correct.

Mr. LESAGE: It does not include the profit and loss on creameries and branches?

Mr. CHILD: That is correct.

Mr. WINTERS: If plants purchase from creameries would the profit to the creameries be considered as an item of expense?

Mr. CHILD: No, if the creamery made a profit on its sale to the plant that profit would show up in this statement 2. Creamery sales to the plant are all marked at the trade level, the job lot level.

Mr. WINTERS: I would like to ask one more question. In the first place I would like to ask why is there such a marked fluctuation in the figures month by month in your wages and salaries?

Mr. CHILD: You are looking now on page 11?

Mr. WINTERS: Page 11, yes.

Mr. CHILD: The only thing I can think of there is that the nature of the operation might vary from month to month. We can handle butter in solids, the 56-pound box, or in prints of 1 pound blocks, or in cans for export, and the labour costs would vary according to the type of operation and the volume. For instance you look at the period ending the 9th of October, 1947, the volume was down from the previous period by 844,000 pounds and I note that the wages and salaries are down and I presume that is merely due to less volume.

Mr. WINTERS: For October and November for example, in October you handled 1,150,000 pounds and in November you handled 1,683,000 pounds but the wages and salaries is almost double in November what it was in October.

Mr. LESAGE: More than treble?

Mr. CHILD: The only explanation I can think of at the moment is, as I say, the fluctuation of volume or fluctuations in the price of butter handled. We could look into that for you if you would like us to.

Mr. LESAGE: Yes, please do.

Mr. WINTERS: I wish you would. Under storage charges there, November and December, you handled almost over twice as much butter in November but the December storage charge is down from 12,837 to 11,978.

Mr. CHILD: What periods are you looking at?

Mr. WINTERS: November and December.

Mr. WIGGINS: The storage charge applies to all butter in storage, not just butter sold for that period.

Mr. WINTERS: Could you give us a rough indication of what items are included under "other expenses"? It seems to be quite a big item?

Mr. CHILD: I can give you an idea of that. Just a minute, please.

Mr. MONET: We are talking about October, Mr. Winters?

Mr. WINTERS: All of these months, it seems to get progressively larger there from January through to December.

Mr. MONET: I asked just because I wanted to follow your point.

Mr. CHILD: Some of the important items that will be included in that would be repairs, interest on inventory, office administration—those would be about the chief items under that "other expense".

Mr. JOHNSTON: Would not those be rather constant though, yet there is a wide variation there, as Mr. Winters points out.

Mr. CHILD: The repairs would not necessarily be constant.

Mr. JOHNSTON: That might vary, surely.

Mr. CHILD: It might be very small one month and up the next.

Mr. JOHNSTON: But the others should be constant.

Mr. CHILD: Office administration should be reasonably constant, interest on inventory would vary with the amount of the product held.

Mr. WINTERS: I wonder if you would take a representative month, say the period 4th December and let us have a breakdown on that at a later date?

Mr. CHILD: Just a moment while I make a note of that, will you, please?

Mr. WINTERS: That seems to be the biggest month.

Mr. CHILD: The 4th of December, 1947.

Mr. WINTERS: The amount of \$37,731.07.

Mr. CHILD: Correct. You will notice in that particular month there is a very heavy volume there.

Mr. WINTERS: What do you imply by that?

Mr. CHILD: I don't know. I was just pointing it out. I do not know what particular items it would affect.

Mr. MONET: But you will be in a position to tell us?

Mr. CHILD: I will try to find out for you.

The CHAIRMAN: Have you anything else, Mr. Winters?

Mr. WINTERS: No, that is all for the moment.

Mr. PINARD: I also notice for 1946 this item of decrease from January to June, or at least to May; from 11,000 to about 4,000 in April and then slowly increasing to the end of the year.

Mr. CHILD: What period are you looking at, sir?

Mr. PINARD: 1946.

Mr. CHILD: What month?

Mr. PINARD: Beginning at January, the beginning of the year.

Mr. CHILD: Yes.

Mr. PINARD: I notice the "other expense" opposite butter stands at 11,000 in January and then it slowly decreases to May where it is away low.

Mr. CHILD: Yes.

Mr. PINARD: And then it increases from then on to the end of the year, and the same thing applies to 1947, and I would like to know what your comment is on that, how you would explain that?

Mr. CHILD: I think the best thing to say is that we will get you a minute on that; in other words, a minute or breakdown of "other expense" in the calendar year, 1946.

Mr. PINARD: And 1947 too, please.

Mr. LESAGE: Mr. Child, when I asked you for the figures for the present fiscal year up to the end of March, I meant the figures for pages 2, 9 and 16.

Mr. CHILD: Yes, I understood that; in other words, plants, creameries and branches.

Mr. LESAGE: Yes.

Mr. CHILD: Right. We have it here. It is merely a matter of transposing it.

Mr. LESAGE: Yes, I wanted to be sure on that.

Mr. CLEAVER: Have you compared the results of your subsidiaries, or the interlocking branches of your company, with your composite audited statement; in other words, does your income account work out to about the same end result at the end of the year as your cost audited statement?

Mr. CHILD: It works out exactly to that result because we start with our departmental results and work down and wash out the differences due to inter-company business to arrive at the end figure there. That is exactly the way our set-up does the job.

Mr. CLEAVER: I was wondering how that result could be achieved. You see, you adopt a rather arbitrary, perhaps that is a little strong word to use, but an apparently rather arbitrary rule as to setting up your profit or your loss with respect to your butter in Saskatchewan. You charge your creameries 6 per cent interest whereas as a matter of fact the cost of that money might be a little more than half of that amount; and while I concede at once that that gives you a very true picture as to the success of your various individual operations I wondered how far it was out. Would you file a statement on that with us and then compare it with your actual annual statement?

Mr. CHILD: Yes. Well, any charged expense to any of our various departments, branches, creameries and so on; all those expenses are actually out-of-pocket expenses in one way or another with the exception of this 6 per cent interest.

Mr. CLEAVER: Then may I put my question another way, and I will not be long, Mr. Chairman. Are there other subsidiaries or are there branches shown in your business that are very much more profitable than the ones you have shown us today?

Mr. CHILD: I am afraid I would have to have the statement in front of me.

Mr. CLEAVER: I will tell you why I asked that question. Your composite statement shows that before taxes your company in the fiscal year ending March 27, 1947, made a net profit of just over 25 per cent; and after taxes the net profit was just over 13 per cent. Now, I am just—

The CHAIRMAN: Mr. Cleaver, you are now referring to the annual report of this company?

Mr. CLEAVER: Yes.

The CHAIRMAN: I think it should be put in as an exhibit or an appendix.

Mr. MONET: That will be exhibit 60.

EXHIBIT No. 60: Twentieth annual report, Canada Packers Limited, as at 27th March, 1947, filed.

Mr. CLEAVER: That will be referred to as exhibit 60 then.

Mr. CHILD: What page are you on?

Mr. CLEAVER: Page 19. Your total employed capital, including earned surplus of \$14,000,000 is \$15,511,000. Is that right?

Mr. CHILD: I think Mr. McLean better deal with that.

Mr. McLEAN: No, that is not. No, the total employed capital is \$15,511,000, plus the \$5,663,000.

Mr. CLEAVER: I was only dealing with your own statement.

Mr. McLEAN: So am I.

Mr. CLEAVER: And as I read it your stock, no par value, is \$1,438,284 and your earned surplus is \$14,073,676.

Mr. McLEAN: Yes.

Mr. CLEAVER: Where will I find the other items?

Mr. McLEAN: Just above it.

Mr. CLEAVER: Surplus on appraisal?

Mr. McLEAN: Surplus on appraisal.

Mr. CLEAVER: The surplus on appraisal is the difference between the appraised value of your assets and the value of your assets which you carry for taxation purposes?

Mr. McLEAN: No.

Mr. CLEAVER: Well, what is it?

Mr. McLEAN: That goes back to the original balance sheet of Canada Packers. It is quite a long story. Canada Packers was formed by the merging of four companies in 1947. Those companies had invested in them in the year 1919—I can't remember the figures, but about \$20,000,000; but they had had a pretty bad experience, there had been heavy losses. Canada Packers was formed by merging the four companies. Actually three of the companies were without working capital and the other company was able to get the necessary working capital and it in substance—in fact the operation was that one company purchased the other three. Two of them were purchased outright, and the other was purchased by an exchange of shares.

Mr. CLEAVER: So that your employed capital would be 21.1 million?

Mr. McLEAN: 21.1 yes. I should like to finish that. I have not quite done so. It goes without saying that the solvent company which had to find the money to make the merger possible—it was a pretty desperate situation—did not pay the full value of the plants that they bought in. The difference is that appraisal surplus. If you ask me why the balance sheet was set up that way I could not tell you. It was done by our auditors.

Mr. CLEAVER: Your explanation is quite satisfactory to me. If I may just conclude this one point your earned net income before taxes would be what?

Mr. McLEAN: The net is \$2,059,000, and the taxes are \$1,699,000, so the net income before taxes was \$3,758,000.

Mr. CLEAVER: And after taxes?

Mr. McLEAN: After taxes \$2,059,000.

Mr. CLEAVER: Right. That would mean that the net profits of the company after taxes would be just under 10 per cent?

Mr. McLEAN: Yes.

Mr. CLEAVER: And before taxes between 18 and 19 per cent?

Mr. McLEAN: Yes. I think the significant figure though is the net earning in terms of percentage of sales. The net earned of \$2,059,000 was 1.01 per cent of the sales. At another point in the report I think you will find that it is one-eighth of 1 per cent per pound. That is the measure of the service that the company does.

Mr. CLEAVER: So far as the general public are concerned that would be the interesting figure. So far as your shareholders are concerned the net profits would be the interesting figure.

Mr. McLEAN: Quite right.

Mr. CLEAVER: Have you had any indication from your auditors as to how the year ending March, 1948, will compare with the year ending March, 1947, as to net profits?

Mr. McLEAN: Well, I think it has been a year of advancing prices, as is illustrated by this butter situation. We have an enormous profit on butter, and there have been advancing prices on some other commodities due to the lifting or discontinuance of the subsidies, so that I would expect, and the indications definitely are, that we will finish the year with something larger by way of profit than last year.

Mr. CLEAVER: Perhaps substantially larger?

Mr. McLEAN: No, that is not the present indication.

Mr. LESAGE: Mr. McLean, as a matter of fact, your net income before taxes was $2\frac{1}{2}$ times the amount of your authorized and issued capital, 250 per cent of the amount of your issued capital?

Mr. CHILD: You are merely talking about the book value of the shares?

Mr. LESAGE: The book value of the shares.

Mr. McLEAN: I am a little deaf. I did not catch the question.

Mr. LESAGE: I say your net income before taxes was 250 per cent of the book value of your issued capital?

Mr. McLEAN: The capital is \$21,000,000, as I have been explaining.

Mr. LESAGE: No, the book value of your issued capital.

Mr. McLEAN: That is not the book value of the issued capital.

Mr. LESAGE: Is \$1,438,284 not the book value of your issued capital?

Mr. McLEAN: No.

Mr. LESAGE: What is it?

Mr. McLEAN: I just gave the explanation at some length to Mr. Cleaver.

Mr. LESAGE: I should like to know if the figure of \$1,438,284 is not the book value of your issued capital what it does represent.

Mr. McLEAN: Not at all.

Mr. LESAGE: What does it represent then?

Mr. McLEAN: The book value, or the original amount that represented common shares when Canada Packers was formed was set up in that form, \$1,438,284, but plus \$5,600,000. That was the original equity in the common shares.

Mr. LESAGE: The original equity?

Mr. McLEAN: Yes.

Mr. LESAGE: Then it would be approximately \$7,000,000?

Mr. McLEAN: Yes, but I omitted to mention to Mr. Cleaver that when Canada Packers was formed there were outstanding \$8,500,000 of bonds and \$6,000,000 of preferred stock. Those have since been paid off.

Mr. LESAGE: They have been paid off.

Mr. McLEAN: But it is very inaccurate to say the original investment in Canada Packers was either \$1,400,000 or \$7,000,000.

Mr. LESAGE: But the present book value of the original investment is \$7,000,000?

Mr. McLEAN: That was the valuation put on the common shares at the time the company was formed. \$14,000,000 is accumulated profit since then.

Mr. LESAGE: Profits, yes, but if we want to have the present book value of the original investment it is \$7,000,000?

Mr. McLEAN: No, the present book value of the original investment is \$21,000,000.

Mr. LESAGE: No, you have an earned surplus of \$14,000,000.

Mr. McLEAN: Pardon?

Mr. LESAGE: There is an earned surplus of \$14,000,000. That is a surplus.

Mr. McLEAN: We are not using the same phrases for the same thing, and I think I am the one that is correct on that. The present value of the original investment in Canada Packers is \$21,000,000. That is the original investment plus accumulated profits.

Mr. LESAGE: But the original investment without accumulation of profits as it is represented in the books is \$7,000,000?

Mr. McLEAN: That was the investment in 1927. The present investment is \$21,000,000.

Mr. LESAGE: \$21,000,000 if you add to the original investment your \$14,000,000 surplus.

Mr. McLEAN: You have got to do that if you are talking about present value.

Mr. LESAGE: But on the original value of \$7,000,000 your profit this year would be 50 per cent.

Mr. McLEAN: The profit that we make at the present time is made on the present capital invested in the company.

Mr. CLEAVER: You did not declare your benefits in dividends. You ploughed them back in?

Mr. McLEAN: Yes. We paid no dividends whatever for eight years.

Mr. LESAGE: What I understand is that the surpluses have been reinvested in the company. The employed capital now is the total of the investment plus profits.

Mr. McLEAN: The only word I question in your statement is "present." The present investment in common shares of Canada Packers is not \$7,000,000 but \$21,000,000.

Mr. IRVINE: Would it be true to say that the \$7,000,000 made the extra \$14,000,000 which amounts to the \$21,000,000?

Mr. McLEAN: The \$14,000,000 represents the profits that have been left in the business.

Mr. IRVINE: I may appreciate that but that profit was made on \$7,000,000?

Mr. McLEAN: No, that profit was made on about \$30,000,000.

Mr. IRVINE: Where does that come from?

Mr. McLEAN: Well, it would be obvious if you had the original balance sheet of Canada Packers. There were \$8,500,000 of bonds. Perhaps I have over-stated it. It was \$8,500,000 plus \$6,000,000 plus \$7,000,000, whatever that is.

Mr. PINARD: It is nevertheless true the amount invested of \$7,000,000 has doubled itself by accumulated surplus up to now?

Mr. McLEAN: Yes.

Mr. PINARD: That is correct?

Mr. McLEAN: Yes.

Mr. PINARD: And on top of that you also have the earned surplus that you mentioned previously of \$2,000,000 to add to the accumulation of surplus?

Mr. McLEAN: It has increased by reason of the earned surplus.

Mr. PINARD: Exactly.

Mr. LESAGE: Would this be a proper time to turn to pages 23 and 24?

The CHAIRMAN: I was going to suggest that. I appreciate the value of this evidence, but what we are interested in is the recent rise in prices.

Mr. LESAGE: Would it be all right to go on?

The CHAIRMAN: I would be happy if you would go on with pages 23 and 24.

Mr. LESAGE: Mr. McLean, would you look at page 24?

Mr. FLEMING: I think Mr. McLean wanted to say something.

Mr. MONET: Did you have anything to say before we go on?

Mr. McLEAN: No, I thought you were going to adjourn, and I wanted to say something before that.

The CHAIRMAN: No, we do not adjourn until 6 o'clock. All right, Mr. Lesage.

Mr. LESAGE: I notice, Mr. McLean, on page 24, that the price at which you sold your butter for the week ending December 24th was 67.76 cents?

Mr. McLEAN: Yes.

Mr. LESAGE: You sold at wholesale prices? I understand that is the wholesale price.

Mr. McLEAN: Yes, everything we sell is at wholesale. We are not retail.

Mr. LESAGE: But it is the wholesale price?

Mr. McLEAN: Yes.

Mr. LESAGE: You sold at wholesale prices over 67 cents, which is the present ceiling, from the week ending December 24th to the week ending January 14th?

Mr. McLEAN: That is right.

Mr. LESAGE: And then the ceiling was imposed on January 17th?

Mr. McLEAN: Yes.

Mr. LESAGE: And there was a roll-back in prices then on account of the ceiling being imposed?

Mr. McLEAN: Yes.

Mr. LESAGE: For the last four weeks before the imposition of the ceiling the prices were above the ceiling of 67 cents which was imposed on January 17th?

Mr. McLEAN: That is right.

Mr. FLEMING: I wanted to ask about that roll-back.

Mr. LESAGE: It is a roll-back because it was 66.45 for the week ending January 21st.

The CHAIRMAN: Let us go on.

Mr. FLEMING: Is that the roll-back that is being spoken of, a cent and a half?

Mr. LESAGE: Yes.

Mr. FLEMING: The roll-back that has been spoken of is 1½ cents per pound.

Mr. McLEAN: Yes.

Mr. LESAGE: On account of the reimposition of the ceiling.

Mr. McLEAN: The ceiling was imposed.

Mr. LESAGE: Before January 17th there was nothing, apart from the fact that these prices were market prices, to force you to sell at those prices?

Mr. McLEAN: That is correct.

Mr. LESAGE: You were free to sell at prices below that if you had wanted to, and you are still free?

Mr. McLEAN: Yes.

Mr. LESAGE: You were not obliged to take a profit of 11 cents a pound on butter which you had in store?

Mr. McLEAN: No, not at all.

Mr. LESAGE: But you decided of your own free will to do it?

Mr. McLEAN: Well, that is one way of putting it. The fact is we sold at the market price.

Mr. LESAGE: You sold at the market price but you were not forced to do it.

Mr. McLEAN: No, we could have sold it at 10 cents a pound if we wished.

Mr. LESAGE: What you were selling on the market was a good part of all the sales which were made on the market at that time?

Mr. McLEAN: Oh, no.

Mr. LESAGE: What per cent, 10 per cent?

Mr. McLEAN: About 8 or 9 per cent.

Mr. LESAGE: 8 or 9 per cent?

Mr. McLEAN: Yes, that is our share of the trade.

Mr. LESAGE: If you had decided to sell with a profit of 2 or 3 cents a pound, let us say, would that not have meant a general decrease in the price of butter in Canada?

Mr. McLEAN: It would not have affected it in the slightest.

Mr. LESAGE: It would not have affected the market?

Mr. McLEAN: No.

Mr. LESAGE: That is your opinion?

Mr. McLEAN: I am certain of that.

Mr. LESAGE: If you and Swift's Canadian and others had done it, it would have affected the market.

Mr. McLEAN: There are about 1,400 people who own butter altogether and I suppose there are 100 large holders. If those 100 large holders had met and agreed to sell it at any price, at 50 cents, or 60 cents, or 65 cents, it could have been done.

Mr. LESAGE: That could have been done.

Mr. McLEAN: Yes.

Mr. LESAGE: If 25 of those large holders had decided to take a normal profit, which I suppose is much below 10 per cent there would have been a roll-back in prices.

Mr. McLEAN: That is a purely theoretical question. It is the kind of thing that just does not happen.

Mr. LESAGE: It does not happen because it was not decided upon—you did not decide to do that but you could have tried it could you not?

Mr. McLEAN: No, we could not have taken any action that would have affected the market.

Mr. LESAGE: Pardon me?

Mr. McLEAN: We could not have taken any action that would have affected the market, except in co-operation with others.

Mr. JOHNSTON: That would have been a combine.

Mr. LESAGE: Not to lower the prices.

Mr. FLEMING: Yes, they would have run afoul of the Combines Investigation Act immediately.

Mr. JOHNSTON: Yes.

Mr. LESAGE: Well that is a legal argument between Mr. Johnston and myself and I would be ready to fight the case in any court that there could be no combine when prices are reduced.

The CHAIRMAN: Let us not get into an argument as to what the law is?

Mr. FLEMING: Well you have got it on the record already.

The CHAIRMAN: We can evaluate that when we come to assess the weight to be attached to the answers to the questions.

Mr. LESAGE: Mr. McLean, I would like to know the length of the average period of storage for one pound of butter?

Mr. WIGGINS: Six and a half months.

Mr. LESAGE: Six and a half months, starting with the buying on June 5 and ending at the end of March—which date has not yet been reached—is that a correct average?

Mr. WIGGINS: We buy for five months and sell for seven months.

Mr. LESAGE: You sell for seven months?

Mr. WIGGINS: Yes.

Mr. LESAGE: And in the average?—

Mr. WIGGINS: We take an average of the butter that went in and an average of the butter that comes out and it is equivalent to a holding time of just about six and a half months.

Mr. LESAGE: If we worked out the averages from page 24 we would find out the answer would be six and a half months?

Mr. WIGGINS: I have not done so but I would say it is very close.

Mr. LESAGE: Would you have a look at it tonight? Now can you tell the committee how you arrive at the carrying charge of 2.91? Can you give us a breakdown of that figure?

Mr. WIGGINS: I will give you that.

Mr. LESAGE: Can you give it now?

Mr. McLEAN: It is approximately 10 cents a week.

Mr. WIGGINS: Yes, it is just about 10 cents a week, 10 cents per 100 pounds per week.

Mr. LESAGE: Per 100 pounds?

Mr. WIGGINS: Yes.

Mr. LESAGE: What is the storage included in the 2.91 per month?

Mr. WIGGINS: For the first month the storage charge is 25 cents for 100 pounds and for each succeeding month it is 20 cents. I give that as a general figure because it varies in the different cities where the butter is stored. Those figures of 2.91 are our exact costs.

Mr. LESAGE: According to the regulations of the Wartime Prices and Trade Board your carrying charges for six and a half months would be 2·6 cents or something like that?

Mr. WIGGINS: During that period of time the butter value was something below 40 cents, compared to a higher value now.

Mr. LESAGE: Yes, and the interest charged—

Mr. WIGGINS: The storage charges have advanced since the ceilings were taken off that service.

Mr. LESAGE: They have advanced?

Mr. WIGGINS: Yes.

Mr. LESAGE: The storage charges you pay yourself or that you charge Canada Packers—

Mr. WIGGINS: That we have to pay, anyway.

Mr. LESAGE: That you have to pay anyway, the cost has advanced? I do not know whether you can give me this answer now, but I would like to know the amount of capital employed for the storage of your butter for the last season, or the present season which is not yet over?

Mr. CHILD: We have already been asked by another gentleman to get that figure?

Mr. LESAGE: All right, there is a second question I want to ask. What is the capital employed for your creamery operation, your plant operations—separately—and then your branch operations.

Mr. CHILD: I will try to get that for you.

Mr. LESAGE: For the first eleven months of the present fiscal year.

Mr. CHILD: Yes.

Mr. LESAGE: I understand when I talk about branches that you have 18 distributing branches?

Mr. CHILD: That is correct.

Mr. LESAGE: Now on page 24 I see the average cost on October 15 for all butter stored, apart from the carrying charges, was 51 cents.

The CHAIRMAN: The average cost?

Mr. MONET: Yes.

Mr. LESAGE: And your average selling price was 65·12. That is a margin of a little more than 15 cents.

Mr. CHILD: Before carrying charges?

Mr. LESAGE: Before carrying charges, and you must have felt it was quite a large margin.

Mr. CHILD: Would you repeat that for Mr. McLean?

Mr. LESAGE: You must have felt it was quite a large margin?

Mr. McLEAN: Of course, I have told you that several times.

Mr. LESAGE: Your interest in the consumer was not very high.

Mr. McLEAN: I think this is an appropriate time, Mr. Lesage, for me to say this.

Mr. LESAGE: Pardon me?

Mr. McLEAN: I had in mind, when you asked whether we could have sold at a lower price, to say to you this is an unprecedented profit on butter and everybody knows that. Perhaps the next year, and certainly within two or three years, there will be a reverse movement and we will buy butter at the high price and sell it at the low price. Our interests in the public will be revealed then, or the public interest in us, will be revealed then. There is one

more thing that is important. The profit here appears as \$509,000 but Canada Packers did not get that. The Department of National Revenue gets half of it—to be exact $47\frac{1}{2}$ per cent.

Mr. LESAGE: Yes, because you made it.

Mr. McLEAN: Just a moment.

Mr. LESAGE: I hope you are not trying to tell me that you made all that profit in the interests of the Department of National Revenue?

Mr. McLEAN: I am trying to tell you the facts, Mr. Lesage. Of that \$509,000 the Department of National Revenue gets half. However, when we lose \$500,000 which we may—I hope it will not be so much—but whatever we lose, the Department of National Revenue pays nothing of the loss and we pay it all.

Mr. LESAGE: Yes, but you can put it against your accumulated profits over years and years.

Mr. McLEAN: However, I think that is the answer to the point you are raising, Mr. Lesage. It is a point that has been raised in everybody's mind. "Should a processor take that much profit?" I think I have given the answer.

Mr. LESAGE: That is why I asked the question because I know the consumer is interested in the answer. The only answer is the one you have given now. You decided you could accept that as a guarantee against future losses?

Mr. McLEAN: Every dollar of it will be set aside as a reserve because that is not a permanent profit.

Mr. LESAGE: That is the only reason you can give the consumer?

Mr. McLEAN: Oh, no, not at all.

Mr. LESAGE: Would you give the others?

Mr. McLEAN: The reverse trend will take place in time. The proof is in the alternation of the black and red figures in the history of the department to date.

Mr. LESAGE: But never—

Mr. FLEMING: Let the witness finish, he has not finished.

Mr. McLEAN: That is an illustration and that is the way business is done. It is a very useful way, and the way it works out is that the wholesaler—and I am talking about Canada Packers who are wholesalers—have done an enormous business and I think they have done that business very well. They have made a very minute profit on the total business over a period of years, and that minute profit is all they will make over the next period of years.

Mr. LESAGE: But did it ever occur in the past years that your margin on butter stored was as high as it has been in the last month?

Mr. McLEAN: I am sorry I did not get that Mr. Lesage.

Mr. LESAGE: Did it ever occur that the margin was as high as it was for the last months? I am speaking of the margin on butter stored or in storage.

Mr. McLEAN: You mean in previous years?

Mr. LESAGE: In past years.

Mr. McLEAN: No, never.

Mr. LESAGE: What was the highest margin you ever took on butter stored or in storage? I do not believe we have that figure.

Mr. McLEAN: I do not know what it would be.

Mr. LESAGE: It is not in here, could you obtain it?

Mr. McLEAN: Oh yes, we could look it up.

Mr. LESAGE: I would like to have it in the morning.

Mr. McLEAN: I am told that it is here, and the figure is 8.64.

Mr. PINARD: Yes, the figure for 1941 is on table 2.

Mr. McLEAN: Yes, on table 2.

Mr. LESAGE: Yes, storage butter operations. The figure is 8.64 in 1941, and then your second highest figure is 3.57.

Mr. McLEAN: That is correct.

Mr. LESAGE: And on the over-all business of all your plants you made a profit of .19 cents per pound for the years 1939 to 1947 inclusive?

Mr. McLEAN: That is correct.

Mr. FLEMING: Mr. Chairman, may I ask a question or two, please? Mr. McLean, you spoke earlier about selling butter at the market?

Mr. McLEAN: Yes.

Mr. FLEMING: When you speak about 'market' are you speaking of the operations of the open market at Montreal, or elsewhere, on the butter exchange?

Mr. McLEAN: It is pretty hard to define what market is. At any time, at any moment of any day, the traders in butter in Toronto and Montreal will tell you within a $\frac{1}{4}$ of a cent a pound the variation between top and bottom prices, and what the market is. Each trader uses his own judgment. It is actually, in essence, the mean or the average, I suppose. There are two or three thousand transactions in butter every day—that may be too high for the wholesale operation, but there are many. Somehow or other the average sifts through and that is the market. That is about as closely as I can define it.

Mr. FLEMING: You are selling on more than one of these butter exchanges; probably selling on them all?

Mr. McLEAN: We are selling on Toronto, Montreal, Winnipeg, Edmonton and Vancouver.

Mr. FLEMING: Since the ceiling was applied on butter in mid-January, there has been practically no fluctuation in the wholesale price?

Mr. McLEAN: That is correct.

Mr. FLEMING: Previous to that time there had been a fairly constant rise, up to the maximum, which was reached at the end of December?

Mr. McLEAN: Yes.

Mr. FLEMING: If the government, through its agency the Wartime Prices and Trade Board, had chosen to set the ceiling at a lower price, I take it your profits would not have been as large as we have just been hearing about in recent minutes?

Mr. McLEAN: That is correct.

Mr. FLEMING: Was your company consulted, either by the Wartime Prices and Trade Board or the government in connection with the re-imposition of the ceiling in mid-January?

Mr. McLEAN: No, not at that time. There had been a meeting in early January or late December, called by Mr. Gardiner, at which a good many of the major holders of butter were present. It was just to discuss the general situation and the problems that were looming up; the prospect of shortage on the one hand, and the high prices on the other; just the things we have been discussing today. At the time the ceiling was imposed we were not consulted.

Mr. FLEMING: Approximately when did that meeting with Mr. Gardiner take place?

Mr. McLEAN: I think it was towards the end of December.

Mr. FLEMING: Was the the price of butter discussed at that meeting?

Mr. McLEAN: Oh, yes, it was called to discuss it.

Mr. FLEMING: It was called to discuss the price?

The CHAIRMAN: No, he did not say it was called to discuss the price.

Mr. McLEAN: To discuss the general problems.

Mr. FLEMING: But price was discussed?

Mr. McLEAN: Yes.

Mr. FLEMING: What was the tenor of the discussion with respect to price?

Mr. McLEAN: Oh, there was a long discussion. It occupied a full day. There were complaints from one section of the community about the high price, and from another section of the community that the price of butter fat was certainly not more than sufficient to pay the farmer. Then, the question of importing butter was discussed; whether or not some New Zealand butter could be imported. At that time, Mr. Gardiner said it was not possible to get the New Zealand butter. The whole situation was discussed for a day.

Mr. FLEMING: And what Canadian butter interests were represented there.

Mr. McLEAN: I should think there were about twenty-five of the larger storers.

Mr. FLEMING: That was at a time when butter was rising fairly rapidly in price, was it not?

Mr. McLEAN: Butter was then, I think, just at the point where the ceiling was established later.

Mr. FLEMING: Was the re-imposition of the ceiling discussed at that meeting?

Mr. McLEAN: Yes.

Mr. FLEMING: What views were expressed on that subject, may I ask?

Mr. McLEAN: Well, there were many views. There were twenty-five people there. I think, on the whole, those who were there representing the producers and the distributors thought that was the best possible solution, the establishment of a ceiling.

Mr. FLEMING: I take it, then, the producers were not unfavourable to the imposition of a ceiling?

Mr. McLEAN: No, I do not think so.

Mr. FLEMING: And the government then had the benefit of the views of the producers in January on that subject?

Mr. McLEAN: Yes.

Mr. FLEMING: At least, in December?

Mr. McLEAN: Well, it was either the last week of December or the first week in January.

Mr. FLEMING: The re-imposition of the ceiling then came about the middle of January?

Mr. MONET: The 19th of January.

Mr. MacINNIS: Could we get clear the point as to what is meant by "producers" in this connection?

Mr. McLEAN: I had in mind the co-operative creameries who were tatemount to the producers.

Mr. MacINNIS: It was the butter producers, not the cream producers?

Mr. McLEAN: Mr. Turnbull was there and Mr. Turnbull was looked upon as representing the farmers because he operates the system of Saskatchewan Co-operative Creameries.

Mr. FLEMING: Then, may I just continue? You were not consulted about the actual price that should be fixed when the ceiling was re-imposed?

Mr. McLEAN: No.

The CHAIRMAN: What was that question?

Mr. FLEMING: I asked if the butter interests or Canada Packers were not consulted about the particular price that was fixed when the ceiling was imposed?

Mr. McLEAN: Not at the time.

Mr. FLEMING: Was there some further consultation?

Mr. McLEAN: The price for the ceiling was discussed at some length in this meeting of which I spoke.

Mr. FLEMING: What was the tenor of the discussion of the price at which the ceiling should be fixed.

Mr. McLEAN: Well, I think there were a good many varying views. I think, on the whole, it would be fair to say that those at the meeting, other than the co-operative creameries—I would not say what their view was—but, on the whole, those who represented the storage interests would have been quite willing to see a lower price fixed.

Mr. FLEMING: You say the storage interests, does that include your company?

Mr. McLEAN: People such as ourselves.

Mr. FLEMING: You would have been quite prepared to take a lower price than the ceiling?

Mr. McLEAN: Oh, yes.

Mr. FLEMING: Was there any other view expressed at the meeting?

Mr. McLEAN: Well, I think probably—remember, I am speaking from memory—I think probably the representatives of the co-operative creameries may have argued that the current price, the price then being paid for butter fat was not too high.

Mr. FLEMING: Would it be fair to say this, then, that there were different views expressed as to the price that should be set for the new ceiling, but that your company was prepared to take a lower price than was eventually established by the government as the ceiling?

Mr. McLEAN: I do not think it was quite so explicit as that. I do not think that anybody said, "Now, this price should be lower", as against a statement by somebody else that it should be higher. Generally, everybody recognized it was a difficult kind of problem. Butter is a sensitive kind of political problem.

Mr. LESAGE: It is a hot potato.

Mr. McLEAN: There was not much talk about it.

Mr. FLEMING: Many governments have slipped on it.

The CHAIRMAN: Some people have slipped on it.

Mr. IRVINE: May I interject a question?

Mr. FLEMING: I think probably both the chairman and I interrupted the witness, but I would be quite willing to have Mr. Irvine ask his question now and I will continue with my questioning later.

Mr. IRVINE: I was under the impression that you gave us the impression that the co-operative representatives at this meeting were anxious to increase the price whereas the other interested parties there would have been glad to lower it?

Mr. McLEAN: No, I did not say anything about increasing the price but I remember—I hope I am not being put on the record on this.

Mr. IRVINE: You are on the record and you are on oath.

The CHAIRMAN: I think, in fairness to this witness, I may be wrong but I think he said he could afford to accept a lower price whereas the record of the co-operative was such it could not accept a lower price. It was representing a different class of interest.

Mr. IRVINE: If he had said it that way, it would have been much better.

Mr. MACINNIS: If my memory is correct, he did say that the co-operative representative said that the price, as it was then, was not too high so far as the farmers were concerned.

Mr. McLEAN: It is just possible Mr. Turnbull might say that was not an exact report of his position, but that is my memory of it. So far as my being on oath is concerned, the statements would be just the same if I were not.

Mr. IRVINE: Quite, I believe you.

Mr. FLEMING: Mr. McLean, during the war, when ceilings were imposed and fairly tight control exercised, were the major butter interests, by that I mean the wholesalers like yourself, encouraged to work together?

Mr. McLEAN: Oh, everybody—I hardly know what you mean—but everybody worked under the same rules and they were consulted about the rules.

Mr. FLEMING: I will be quite explicit about it. In connection with the bread enquiry we were told that the people engaged in making bread, during the war, were encouraged to work together. That was necessitated by reason of the controls. Then, after decontrol a warning came from the Combines Investigation Commission that they must cease working together. Now, did you have that experience in the butter business?

Mr. McLEAN: Oh, that is a thing which never occurs to a person who is operating in the packing house field. There is no such thing. The business is so fluctuating and prices are fixed on an individual's judgment so much from day to day that there is no analogy between that and the bread situation where there is a comparatively fixed price. I would say I understand your question now. I would not say there was anything occurred that had any significance at all towards working together or not.

Mr. FLEMING: A suggestion was made to you in questioning a few minutes ago that if a number of the larger wholesale butter interests had worked together and had, by common agreement, decided to lower prices, they may have been able to force a general lowering in the price?

Mr. McLEAN: Yes.

Mr. FLEMING: Has any such thing ever been attempted?

Mr. McLEAN: Oh, no.

Mr. FLEMING: Has there been any attempt on the part of those engaged in the wholesale butter business, to your knowledge, to make an agreement for the purpose of fixing price?

Mr. McLEAN: Oh, no.

Mr. PINARD: Might I interject a question at this point? Could it not have been made an occasion to try and get together, without fixing the price, to establish a margin of profit which would have been lower than that you obtained afterwards?

Mr. IRVINE: Another way of fixing it.

Mr. PINARD: The witness knows what I mean.

Mr. McLEAN: What I said was that there are about fourteen hundred firms in the field, a good many of them small, but there is such a large number of firms involved in this situation that the possibility of working out a centralized scheme of that kind is just recognized as not being there before you start. Nobody ever thought of it.

Mr. PINARD: On the other hand, if you had decreased your own price, do you not think it would have affected the others?

Mr. McLEAN: I do not.

Mr. PINARD: It would have affected the others if you had decreased your price?

Mr. McLEAN: Not in the least. I am quite clear on that.

Mr. LESAGE: Not even on a competitive market?

Mr. McLEAN: Here is what would have occurred if we had decreased our price.

Mr. LESAGE: Please tell us what would have happened.

Mr. McLEAN: You know the small towns in Quebec, and we have many customers there. We were selling butter at 68 cents. Suppose we had said to one of these customers, "Your butter will cost you 60 cents". What would the housewife have paid for the butter?

Mr. PINARD: You mean the retailer would have taken the difference, the 68 cents?

Mr. McLEAN: I should think that is a likely statement.

Mr. PINARD: Very nice.

Mr. McLEAN: It was the recognized retail price for butter.

Mr. PINARD: In other words you would say that if you had not done it somebody else would have done it; if you had not taken the profit yourselves somebody else would have done it?

Mr. McLEAN: In the main, yes. You see, there is the market. The market is the market.

Mr. FLEMING: Had you made a reduction at that time what then if any of it would have flowed through the original producer of butter, the farmer? Would he have gotten any benefit out of it?

Mr. McLEAN: If we had made a reduction?

Mr. FLEMING: Yes.

Mr. McLEAN: No, because the farmer would ultimately, if that reduction had been put into effect, the reduction in price, have had less. It would have brought down the price the creameries paid for the butterfat.

Mr. FLEMING: Did you have any letter of warning from the Combines Investigation commissioner, Mr. McGregor, about working with other people in the same business?

Mr. McLEAN: No.

Mr. FLEMING: And making an agreement about prices?

Mr. McLEAN: Mr. McGregor knows perfectly well that in the packing industry there is no room for such a letter as that.

Mr. WINTERS: Did you consider lowering your price just before the ceiling was imposed?

Mr. McLEAN: We talked about it fifty times.

Mr. FLEMING: Could you say briefly what were the reasons why you did not do it? Were they the ones you enunciated just now?

Mr. McLEAN: We had about 8 per cent spread. That answers itself, I think. Then there are many other difficulties. You will be interested in the gist of the conversations we had with each other. We were buying half of our butter on the market say at the 68-cent level and we were taking half of our butter out of storage at the 53-cent level. Now, we could not have two prices; we could not say to one customer your butter costs 68 cents, that is our price; and to another customer, this butter is out of storage and our price to you is 53 cents. That is clear.

Mr. LESAGE: That is one of the reasons you referred to a moment ago. That is a good reason.

Mr. McLEAN: I beg your pardon?

Mr. LESAGE: That is a good reason for not lowering it to the extent of 8 or 9 cents.

Mr. McLEAN: Exactly. The next best thing is to, well, strike a mean price; half your butter costs you 53 cents and half of it costs you 68 cents, how would it be sold at 60 cents. Well then, we go out to our customers and say our price is 60 cents. Actually all of that butter would not be sold at that level. It would be sold at the top level. Everybody knows that.

Mr. FLEMING: You mean, the market?

Mr. McLEAN: Yes, to the consumer. But suppose someone was to offer butter to the merchant or whoever bought a pound of butter—if we were selling it at 60 cents and everybody else was taking 68 cents, they would be on our doorstep for the butter, and every customer we had would feel and would claim that we had not given him his proper share of that type of butter, and our butter would be sold out in three weeks and the market would again be 68 cents.

Mr. PINARD: You say that the decreased price of butter would have everybody sitting on your doorstep; they might be on somebody else's doorstep too, that would increase the price of butter, would it not?

Mr. McLEAN: I do not agree with you, because the background situation was that there was not enough butter to last through the season. If there had been a little more than enough butter to last through the season prices would have gone down instead of up.

Mr. FLEMING: And probably the Wartime Prices and Trade Board knew that when they set the ceiling?

Mr. McLEAN: Yes.

Mr. PINARD: Could I ask you why you took a larger margin of profit than the retailer, because the retailer is not taking 11 cents on his butter?

Mr. McLEAN: We did not take a larger margin of profit than the retailer. We take a very minute profit.

Mr. PINARD: On your stock here you took 11 cents, do you consider that smaller than the profit to the retailer?

Mr. McLEAN: Oh, very much.

Mr. PINARD: What was the general price of butter?

Mr. McLEAN: You see, if you distinguish between the storage profit, which is very high this year, and your ordinary trading profit, it is only a most minute amount, almost nothing. On the first million pounds of butter, the total amount of butter we have sold this year, the storage profit is \$509,000 and the total profit is \$524,000, and there is only about 15,000 pounds left.

Mr. IRVINE: Can you tell us while you are dealing with that, Mr. McLean, what is the average price received for butterfat by the farmer, and what is the average price at which it is sold to the consumer?

Mr. McLEAN: At which butter is sold?

Mr. IRVINE: Yes.

Mr. McLEAN: I think I had better ask Mr. Wiggins to answer that.

Mr. WIGGINS: At our creameries and plants we pay 74 cents a pound to the farmer, and the price to the consumer, or to the retailer, is 69 cents, and the price to the consumer is 70 to 72 cents for butter.

Mr. IRVINE: How many pounds of butter are in a pound of butterfat?

Mr. WIGGINS: It works out 23 per cent over.

Mr. MONET: That is right.

Mr. FLEMING: At that meeting with Mr. Gardiner around the turn of the year did you disclose your mark-up or inventory profit in the course of the discussion of prices?

Mr. McLEAN: Oh, yes.

Mr. FLEMING: And he was fully aware of what the inventory mark-up was? You know, you introduced the subject.

Mr. McLEAN: Yes.

Mr. FLEMING: Did he have the same information concerning the large wholesalers of butter?

Mr. McLEAN: Oh, yes; he knew they were all in the same position.

Mr. FLEMING: So that the information as to the inventory mark-ups, inventory profits, was also fully disclosed to the government before they set the ceiling price on the 19th of January?

Mr. McLEAN: Oh, yes.

Mr. PINARD: Did he say he found the mark-up satisfactory?

Mr. McLEAN: Well, I was not quoting Mr. Turnbull—he is in Saskatchewan and he can't speak for himself here; but Mr. Gardiner is in Ottawa, you better ask him.

Mr. PINARD: I am asking you.

Mr. McLEAN: Mr. Chairman, may I speak for a moment?

The CHAIRMAN: Yes, Mr. McLean.

Mr. McLEAN: Mr. Chairman, I had booked my reservations for a holiday a week ago today, Thursday, and after that I got the invitation to come here, which I felt I had to respect. I am willing to sit here for whatever length of time the committee may wish, but if they feel that Mr. Wiggins and Mr. Child could give you the balance of the information you want, which is enlargement and explanation of these figures which they know better than I, I would like to leave tonight. I have a reservation on a plane to Montreal, and a reservation from Montreal to New York and a reservation from New York to Mexico City.

Mr. MACINNIS: You are going to make sure that we won't get you again.

Mr. IRVINE: If you feel that these gentlemen can answer any questions for you I see no objection.

Mr. McLEAN: I think so.

The CHAIRMAN: Do you think they could answer them as well as you could, Mr. McLean?

Mr. MACINNIS: You had better not commit yourself on that.

Mr. MONET: Mr. Chairman, if I might say so, although I have nothing to say in the matter, I had a long talk with these two gentlemen and personally I think that as far as I am concerned they could answer the questions. That is my feeling.

Mr. LESAGE: Mr. Chairman, the balance of my questions would be on figures.

Mr. FLEMING: Might I just ask one question in that regard Mr. Chairman? Have these gentlemen knowledge of the conferences summoned by the government, such as that one to which we were referring a moment ago with Mr. McLean?

Mr. McLEAN: Oh, no. Mr. Wiggins is the manager of the department.

Mr. FLEMING: Was he an attendant at these conferences?

Mr. McLEAN: He did not attend that one because I went down, but he has attended every other meeting.

The CHAIRMAN: Have you finished, Mr. Fleming? I think you are up the wrong tree there.

Mr. McLEAN: I do not want to run away. I will stay here a week if you wish me to, but I think that about anything I can do for you has been done.

Mr. LESAGE: The only one objecting is Mr. Fleming.

Mr. FLEMING: I simply asked a civil question.

Mr. MACINNIS: Don't agree to anything the chairman may say to you.

Mr. FLEMING: I never agree with the chairman. It is a matter of policy not to agree with him. I find it is a good policy.

The CHAIRMAN: The matter is in the hands of the committee. Mr. McLean has quite frankly placed his position before us and it is up to the committee to say whether or not they feel they can release him.

Mr. FLEMING: I suppose this committee is going to go on for some time and Mr. McLean is not going to be down there indefinitely.

Mr. McLEAN: I will be delighted to come back at any time.

The CHAIRMAN: What is your pleasure, gentlemen, is that agreed?

Some Hon. MEMBERS: Agreed.

Mr. MONET: I think, Mr. McLean, you have had a pretty full day.

Mr. McLEAN: Yes, but I have had a very pleasant day.

The CHAIRMAN: The committee will meet again tomorrow at 11 o'clock in the morning.

TRANSLATION OF EVIDENCE BY MR. BOIS AND MR. LUSSIER

Mr. J. E. Lussier, Chief of the butter and cheese department of the Coopérative fédérée de Québec, is called:

By Mr. Monet:

Q. Mr. Lussier, you were sworn yesterday at the same time as Mr. Bois but I think you failed to give your christian name and address.—A. J. E. Lussier.

Q. And your address?—A. 7254 St. Denis Street, Montreal.

Q. Will you please state your occupation in the Coopérative fédérée de Québec?—A. Chief of the butter and cheese department.

Mr. Henri C. Bois, general manager of the Coopérative fédérée de Québec, is recalled:

By Mr. Monet:

Q. Mr. Bois, will you refer now to Exhibit number 58 filed and explain to members of the committee the various entries found on it for 1947, beginning of course, with the second column, as the first gives only the year? Will you please explain to the members the meaning of the figures in column number 2?—A. In column number 2, 376,914 shows the number of boxes of butter received during 1947; in pounds it amounts to 21,107,193 pounds.

Q. Wait a minute. Do you mean the butter placed in consignment with the local units?—A. Plus the quantity on hand, January 1, 1947.

Q. 21,107,193 pounds for 1947?—A. Yes, sir.

Q. And now column number 4?—A. That is the value of sales made you have there, \$10,936,523.25.

Q. And in column number 5?—A. That is the return to our factories. The amount paid by us to the shippers, \$10,746,603.03.

Q. It is the amount paid the way you explained yesterday?—A. Yes, sir.

Q. I understand such payments are made weekly?—A. Yes, sir.

Q. And what is the meaning of the figures shown in column 6?—A. It is the average price per pound of butter paid to the factories, .509.

Q. In other words, the figure represents the amount paid per pound to each of the local units?—A. Yes, sir.

Q. For the quantity of butter they have shipped you?—A. Yes, sir.

Q. And column 7, Mr. Bois?—A. It is the total commissions collected on those sales, \$188,920.22.

Q. Will you explain to the members of the committee what you mean by commission collected?—A. Each week, we figure what are our direct costs, inherent expenditures for the receiving, handling and selling of butter, and we allow so much for our fixed charges—

Q. May I interrupt you; I do not know whether or not you have understood my question. I think you are referring now to columns 9 and 10. We are now considering column number 7. You have used the word "deduction" will you please tell us what is meant by "deduction"?—A. It is the amount deducted by us, which is retained for our management and direct costs, by pound of butter shipped to us.

Q. In other words, you mean a commission?—A. Yes, sir.

Q. And if I understand well that commission per pound is carried forward into column number 8?—A. Yes, sir.

Q. And what amount does it represent?—A. 0·89 of a cent per pound. There is a small mistake there of 0·02.

Q. Let me point out to the members of the committee that on Exhibit 58 a correction must be made for 1947. It should read 0·89 instead of 0·87.

For the benefit of the members of the committee who did not hear what I just said—

Mr. MACINNIS: Did not understand.

Mr. MONET: Did not understand—I think I talk loud enough for you to hear—in column 8 of Exhibit 58, the first line, for the year 1947, a correction should be made, and the figures should read 0·89 instead of 0·87. I understand Mr. Bois wants to be very precise.

By Mr. Monet:

Q. Therefore, Mr. Bois, this would represent the commisison, if you can call it that way, earned by the Coopérative fédérée, the gross commission, per pound of butter handled?—A. Yes, sir.

Q. In other words, you earn a gross commission of less than a cent per pound?—A. A commission of seven-eighths of a cent, to be exact.

Q. And in column 9, you show the direct costs. Would you explain to the members of the committee what you mean by direct costs?—A. All the connected expenses, products, freight, warehousing, handling, some sale expenses previously known—because when we sell butter to the Commodity Exchange there is a charge of one cent a box—all labour costs, in a word anything directly related to butter.

Q. And did you figure the amount per pound, can you give the amount per pound, what that figure would represent?—A. I have not that here.

Q. Now, would you explain to the committee what you mean by administration costs or overheads as mentioned in column 10?

Mr. LESAGE: They are not administration costs; those are the profit.

Mr. MONET: The charges collected after deduction of administration or overhead costs.

Mr. LESAGE: The profits before deducting overhead charges.

The WITNESS: \$105,294.59, that is the remaining amount to be applied to the payment of overheads and also to be used, after providing for overheads, in return or as final payment of butter operations. That is the amount to cover administration costs and the patronage dividend or final remittance, if there is any.

By Mr. Lesage:

Q. To local co-operatives?

By Mr. Monet:

Q. And this is the amount paid by you at the end of your fiscal year?—A. After deducting overheads.

Q. I see, Mr. Bois, there is a note on Exhibit 58, a reference to 1947, with regard to that amount of \$105,294.59. Am I to understand that you have not the comparative figures for the years prior to 1947?—A. No, I have not got them with me.

Q. And for 1947, would you tell us what have been the overhead costs applied to butter?—A. They appear at the bottom of the page, \$55,080.52.

Q. And this gives the amount of \$50,214.07, the net profit on your operations in 1947.—A. Yes, sir.

Q. Am I to understand that this amount of \$50,214.07 is the amount paid to the local units?—A. This has been paid on the following basis; the percentage of final remittance amounts to $\frac{1}{2}$ of 1 per cent, and it is paid to local co-operatives in the ratio of the selling value of the butter supplied by those same local organizations. If the local organizations send us \$100,000 worth of butter, we give them $\frac{1}{2}$ of 1 per cent out of this amount of \$100,000, and so on.

Q. Mr. Bois, could you give to the members of the committee the net amount of the commission left to the Coopérative fédérée de Québec for 1947?—A. Taking 0.89 as the gross commission and deducting from that $\frac{1}{2}$ of 1 per cent, that represents about $\frac{2}{8}$; 0.89, that is about $\frac{7}{8}$, and taking off $\frac{2}{8}$, that gives me five-eighths of a cent, which shows the cost of the service rendered, the cost of the sales, plus, if there is anything left, the profit there may be. Now, if you take $\frac{1}{2}$ of 1 per cent and assume that 95 per cent of the butter received or consigned came from subsidiary organizations, and by multiplying one by the other, in value, you will arrive at about \$50,000, \$51,000 or \$49,000. This means that there finally remains, at the most, just \$1,500 to \$2,000. I cannot give more details because the claims of the organizations are now reaching us, and the operations will be settled in May or June.

Q. At the moment, according to the figures you have, what percentage per pound or what net commission will be left for your business?—A. Practically none.

By Mr. Lesage:

Q. That is to say, Mr. Bois, that after the cost of your operations and the patronage dividend have been paid to the local co-operatives, the only net profit that could be left on your butter operations for the year 1947 would be a net profit of from \$1,500 to \$2,000, and probably nothing?—A. About that.

By Mr. Monet:

Q. Would you now explain briefly the question which was asked yesterday by one of the members of the committee,—what are now the operations of the local co-operative units?—A. The local co-operatives operate according to the same principles as the head office, or one can say, inversely, that the head office operates according to the same principles as the local organizations. The local co-operative comprises producers, exclusively, farmers. Every one of them has invested or subscribed an equal uniform sum of, let us say \$50. They bought or built a creamery and operate it to the best of their ability. They get the butter from the members and, in Quebec, in our parishes, from the other farmers who also wish to join. They set, through a board of directors chosen according to the usual practice of co-operatives,—one man, one vote,—they set the tariff to be charged for the price of butter. At the end of the year, the profits, if there are any, are shared among the members and non-members. Certainly among members, among the non-members as decided by the general meeting. And they are distributed exactly on the same basis that we use ourselves, that is according to the quantity of butter fat brought in by every one. In our province, these organizations affiliate themselves and, in turn, we apply the services that we render, we give the surplus, when there is one, on the same basis.

MR. PINARD: Mr. Winters would now have a few questions to ask, I wonder if he could ask them now?

MR. LESAGE: Are you through, Mr. Monet?

MR. MONET: Yes.

By Mr. Winters:

Q. Do you sell butter to the Maritimes?

The CHAIRMAN: I congratulate you, Mr. Winters.

The WITNESS: A little, we do not sell a large quantity of butter to the Maritimes.

By Mr. Winters:

Q. To whom?—A. You ask me a question which I cannot answer definitely, but, from memory, I am almost sure that we sell to Swift Canadian and I do not remember the other names.

Q. In Moncton?—A. Yes, sir.

Q. What is the cost of freight, of transportation?—It is sold f.o.b. Montreal or f.o.b. Quebec and transportation costs are, evidently, charged to the buyer.

By Mr. Pinard:

Q. I only have two questions to ask you. Yesterday, we heard a witness give us his opinions on the use of Commodity Exchange regarding the sale and the distribution of butter. Are you in a position to give us your opinion on that point? Do you profit by the distribution of butter through the Commodity Exchange?—A. From the standpoint of the distributors?

Q. First from the standpoint of the distributors and then that of the consumers?—A. As regards the producer, Commodity Exchange offers a permanent market. It is always possible to sell butter, or almost always, to the Commodity Exchange. Naturally, producers often consider that prices are not high enough and, as a result of their dissatisfaction, if I may use this word, they believe there may be manipulations, collusion, at the Commodity Exchange.

Q. Between the different buyers in order to set a price, is that what you mean?—A. Yes, sir.

Q. You make use of the facilities offered by the Commodity Exchange?—A. Absolutely.

Q. What proportion of your butter, approximately, do you sell?—A. 67,000 boxes last year.

Q. Do you think that Commodity Exchange, generally speaking, offers an advantage for the distribution of butter, or do you think that the advantage goes to Commodity Exchange since there is nearly always a shortage of butter in Canada?—A. There lies the difficulty. Butter is a seasonal product. May, June and July are great production months and prices are usually low during that period. That can be and is explained by storage costs and interest on money, etc., which must be borne by those who buy butter during that period for future distribution. But it will readily be understood that if the Commodity Exchange offers better opportunity to the producer, there comes a time when people become over-enthusiastic or over-optimistic, or else over-pessimistic, and then the feeling of one, two or three buyers may greatly influence the attitude of the eight, ten, twelve or fifteen other buyers around them.

Q. So the price is often based on the opinion of one member, on the attitude of buyers more convincing than others?—A. Probably.

Q. Now, Mr. Bois, dealing with another point, could you tell us what is the policy of your Co-operative on butter distribution, its policy in relation to profits?—A. Butter appears to us—and I give you here the view of our board of directors—the sale of butter appears to us more like a service than a profit-making business. Because for a large number of farmers in Quebec butter is the main source of income, and we try, as farmers' representatives only, we try, as I say, to safeguard their interests with regard to the staple commodities coming off their farms, and it is for that reason that our attitude toward this department is to limit these gains approximately to the amount we think will be necessary to cover the direct administrative expenses.

Q. It is for that reason that you said a moment ago that you anticipated for 1947, for instance, a net profit not exceeding \$1,500 to \$2,000?—A. Practically no profit.

Q. And it is your intention never to go beyond that proportion, but to consider the butter business rather as a service to the population?—A. Exactly.

Q. To what other commodities do you apply that policy, for instance? Do you apply that policy to eggs?—A. We adopt that policy for some other products, like cheese, eggs and poultry.

Q. For the same reasons?—A. For the same reasons.

Mr. LESAGE: Mr. Chairman, if you will allow me, I have a few questions to ask the witness.

The CHAIRMAN: Yes, very well, Mr. Lesage.

By Mr. Lesage:

Q. Mr. Bois, we have asked a few questions of Mr. Turnbull, the Secretary of the Saskatchewan Co-operative, and I would like your opinion on certain things about which we questioned him. Could you tell us what you would consider, for instance, a fair return to the farmer for one pound of butter fat? To make your answering easier, I shall ask you a double question: First of all, during the season of great production, in 1947, and, secondly, if there is a difference from December, 1947, in January, 1948, in February, 1948?—A. If you wish to know my opinion on the price at which butter should have been sold during 1947, particularly when the greater part of the production was being put on the market, I should say that it is about 55 cents.

Q. For a pound of butter?—A. For a pound of butter.

Q. Now, what should have been the return, in your opinion, per pound of butter fat, to the farmer, for it to be deemed a fair return?—A. Add about 20 per cent per pound of butter fat.

Q. About 20 per cent?—A. About one fifth.

Q. Then, that would make 63 cents for a pound of butter fat?—A. 63 cents for a pound of butter fat.

Q. When you say 55 cents for a pound of butter, do you mean the wholesale price on the Montreal market or the retail price?—A. It is the wholesale price on the Montreal market.

Q. When you mention price, you are always referring to the wholesale price on the Montreal market?—A. Yes.

Q. Now, during the months of December, January and February, if you want to produce butter under the conditions of that period, particularly under the conditions which prevail in the province of Quebec in winter, what would be a fair return to the farmer per pound of butterfat?—A. Between 72 and 75 cents.

Q. Between 72 and 75 cents per pound of butterfat?—A. To a farmer of the Province of Quebec who wishes to have milk yielding cows in winter and who wishes to feed them, yes, of course.

Q. You figure that a fair return to the farmer under those circumstances would range from 72 to 75 cents per pound of butterfat?—A. Yes.

Q. Which means a price of 67 to 68 cents wholesale on the market of Montreal? It is the price established by the Price Board, is it not?—A. Yes, sir.

Q. Then, a lower price would be an unfair price to the producers of the Province of Quebec?—A. It would be unfair to the producers and would be liable to impede production.

Q. So that a lower price would be unfair to the producers and would be liable to impede production?—A. They will not produce in winter unless the prices reach that level.

Q. And this winter, they are producing a little because the prices reach that level?—A. Yes. But we must always have in mind, when we are discussing this question of price; the price that should exist and the whole production—if

we wish to link the two ideas—should be established months ahead in order to be obtained. There is no way of proceeding otherwise. Even if we offered \$1 per pound of butterfat, the answer no longer rests with the farmer, it rests with the cows.

Q. The farmer must then prepare his production, months and months ahead?—A. Yes, sir.

Q. Now, it is obvious that the price increase on wheat, after subsidies are abolished and controls lifted, constitutes a source of increase of cost price for farmers, particularly with regard to winter production in this country?—A. Yes, sir.

Q. The grain market has much fluctuated, there have been sharp fluctuations once the price controls were lifted?—A. Undoubtedly.

Q. Are co-operative societies in favour of having feed grains subject to Wheat Board control, instead of leaving them under the control of the Winnipeg Grain Exchange?—A. Such was the opinion heard.

Q. Obviously, to the extent that the provinces pass corresponding legislation, to make it constitutional. The matter is no doubt a legal matter, and I shall not ask your opinion on the subject.

And now, Mr. Bois, there is another matter. You say that, in 1947, you sold 40 per cent of all the butter you handled to the Montreal Commodity Exchange?—A. Yes.

Q. Do you know to whom this butter was sold?—A. Yes.

Q. You know?—A. Yes, sir.

Q. You obviously know about the other 60 per cent also?—A. Yes, sir.

Q. When your evidence is completed, could you give the committee through Mr. Monet, a list of those to whom you sold butter, both to the Commodity Exchange and directly?—A. Yes, sir.

Q. For all your sales above what figure—something reasonable, not the very small sales? What figure could be considered? I will ask your opinion.—A. Say one thousand boxes.

Q. One thousand boxes, with the date of sale, and price, and name of buyer?—A. Yes.

By Mr. Monet:

Q. Mr. Bois, I understand by one thousand boxes you mean 56,000 pounds?—A. Yes.

Q. Then, will you put down only 500 boxes? You have no objection, Mr. Lesage?

Mr. LESAGE: Very well.

Mr. MONET: I have a reason to suggest that.

Mr. LESAGE: Yes, very well. You are the one who will have to scrutinize the data.

Mr. MONET: The fact is that gives 25,000 lbs., and I realized in some cases it might be interesting later.

Mr. LESAGE: I still have a few questions to ask the witness.

Q. Have you butter in storage just now?—A. We haven't a pound of butter in storage. What we have on hand is butter, the few—

Q. Hundred pounds?—A. No, I might say some 20 to 50 boxes, which weekly production brings us; but we have no butter in storage belonging to us. We are keeping butter for customers who bought it and leave it in storage until it is delivered.

Q. Are those large quantities or is it for individuals, for retailers?—A. Mainly for wholesale buyers; the amounts therefore have to be quite substantial, several thousand boxes.

Q. You have a few thousand boxes just now?—A. Yes, sir.

Q. You know that the newspapers of Ottawa, Montreal and Quebec talk about the present shortage of butter, do you? You have seen that?—A. Yes, sir.

Q. Mr. Taylor, the chairman of the Wartime Prices and Trade Board stated in his evidence that, on the first of March, there were 19 million pounds of butter in storage in Canada and that the production for the month of March would be approximately 12 millions, which would amount to 31 million pounds altogether. He stated also that butter consumption in Canada in March would amount to approximately 20 million pounds, which means that we would have on hand on April 1, 10 million pounds. Now do you believe it is possible to ship any quantity of butter at any time from warehouses to areas where it is most needed?—A. I do not quite grasp your question. It is always physically possible.

Q. It is physically possible but economically impossible, is it not?—A. I believe so with existing prices.

Q. I understand that butter kept in small warehouses of Saskatchewan, which may comprise small quantities, cannot be shipped economically by rail in very small quantities?—A. No, sir.

Q. If quite a number of factories have small quantities on hand this could add up to a considerable amount and also would explain the fact that, although there is butter in storage actually, it is distributed in such a way as to make the shipment at a given time very hard because distribution is extremely difficult?—A. And very costly.

Q. And very costly?—A. Very costly. It costs a lot. If there is a question of collecting small lots, let's say 150, 200 and 300 boxes on a territory the size of Saskatchewan for instance, I do not know how many hundred miles would have to be covered to obtain a reasonable load.

Q. To obtain a reasonable load?—A. Yes.

Q. Butter production is going to rise steadily and considerably after the first of April, will it not?—A. Yes, sir.

Q. Then this shortage which is possibly only local is only of a very temporary character, is it not?—A. Yes, sir.

Q. I would say definitely?—A. Yes.

By Mr. Monet:

Q. Mr. Bois, another question before you leave. Will you tell us the name of one of the most important local co-operatives which deals with your establishment—or perhaps two of the most important?—A. Well, there is the Mont Laurier Co-operative in Labelle county; there is also the Lac Megantic Co-operative in Frontenac county.

Q. Very well. That is quite enough. I thank you very much.

By Mr. Pinard:

Q. Just one more question, Mr. Bois. The manager of the Saskatchewan Co-operative stated in the course of his evidence that the production cost, the total production cost for one pound of butter was 45 cents during the month of June and the month of July, 1947. Will you tell us what is the total production cost in your co-operatives?—A. When that statement was made, the cost of the butterfat was evidently included in the pound of butter.

By Mr. Lesage:

Q. And the cost of the butterfat depends, does it not, on the price at which you can sell the butter?

Mr. PINARD: That is the point I want to determine.

The WITNESS: One cannot state what the cost of manufacturing a pound of butter is; I would establish it rather by the quantities; in the Province of Quebec, it varies at most from 5 cents to 5½ cents and, again, that depends on

the volume of production. A creamery with an output of 500,000 pounds, or of 300,000 pounds, is evidently much better off than a creamery with an output of only 50,000 or 75,000 pounds.

Mr. PINARD: That is to say, the cost of production in Saskatchewan exceeded by 2 cents what was paid to the producer.

Mr. LESAGE: It was 5 cents.

Mr. PINARD: Indeed, 5 cents. Then, what is the cost in the case of your own co-operatives?

The WITNESS: The cost of manufacture?

By Mr. Pinard:

Q. Yes.—A. It varies according to the co-operatives and the volume of their output.

Q. It may be different with each co-operative?—A. Yes, definitely.

Mr. MONET: That is the reason, Mr. Pinard, why I asked that I be given the names of one or two co-operatives, for it may be very interesting at a later stage to have Mr. Bois' testimony rounded out by the representative of one of these co-operatives. As a matter of fact, I intend to summon witnesses from one of these co-operatives later on.

The CHAIRMAN: That is all?

Mr. MONET: Yes.

The CHAIRMAN: Thank you, Mr. Bois.

Mr. MAYHEW: Could we have a breakdown, by months, of the quantities of butter for 1946 and 1947? It is given here by years and it would be interesting to have it by months because then you could tell how long this carry-over has been.

By Mr. Monet:

Q. Could you give us, by months, the quantity of butter for 1946 and 1947? Would you want it for all years, Mr. Mayhew?

Mr. MAYHEW: No, just for 1946 and 1947.

By Mr. Monet:

Q. Would you break down your quantity and show us, by months, the number of pounds and then forward the statement to me at my address?—A. Yes.

Mr. MONET: I thank you, Mr. Bois.

The CHAIRMAN: I thank you, Mr. Bois, and I congratulate you.

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(SESSION 1947-48
HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 28

FRIDAY, MARCH 19, 1948

WITNESSES:

Mr. A. J. E. Child, Assistant Treasurer and Chief Auditor, Canada Packers Limited, Toronto, Ont.

Mr. Ford Wiggins, Manager of Produce Department, Canada Packers Limited, Toronto, Ont.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.P.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY

1948



MINUTES OF PROCEEDINGS

FRIDAY, March 19, 1948.

The Special Committee on Prices met at 11 a.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Cleaver, Fleming, Irvine, Johnston, Lesage, MacInnis, Martin, Maybank, McCubbin, Merritt, Pinard.

Mr. Fabio Monet, K.C., Counsel to the Committee, in attendance.

Mr. Lesage brought to the attention of the committee the delay in receiving the French copies of the Minutes of Proceedings and Evidence. The Clerk was instructed to communicate with the King's Printer in this regard.

Mr. A. J. E. Child, Assistant Treasurer and Chief Auditor, and Mr. Ford Viggins, Manager of Produce Department, Canada Packers Limited, were recalled and further examined.

At 1.10 p.m. witnesses retired and the committee adjourned until Monday, March 22, at 11 a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
MARCH 19, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Chairman, Hon. Paul Martin, presided.

The CHAIRMAN: The meeting will come to order, please.

Mr. LESAGE: Before we proceed, Mr. Chairman, I have a request to make. I have asked for French copies of the evidence for distribution and up to now we have had only two or three of the first reports printed. I have been told that the translators are up to date but that the delay is due to the printers. Would it be possible for a request to be made by the committee for the printing to be speeded up?

The CHAIRMAN: Will you do that at once, Mr. Arsenault, please?

Mr. LESAGE: I make that request so that people will be able to see the record.

The CHAIRMAN: Certainly.

Mr. LESAGE: They would be much more impressed, and it should be printed as soon as possible in the French language.

The CHAIRMAN: If the translation is done there seems no reason why the printing should not be done. I have asked Mr. Arsenault to look into that at once.

Mr. MACINNIS: I think that is in order. It is not fair that they should have to wait so long.

The CHAIRMAN: I think that is the universal desire of the committee and it will be attended to.

Arthur James Edward Child, Assistant Treasurer and Chief Auditor, Canada Packers Limited, recalled:

Ford Wiggins, Manager of Produce Department, Canada Packers Limited, recalled:

Mr. IRVINE: Mr. Chairman, might I ask a few questions now?

The CHAIRMAN: I think Mr. Monet has one or two questions he would like to clear up first, if you don't mind.

Mr. MONET: Yes. I have two or three questions on page 23, then I will save it entirely in your hands, Mr. Irvine. Going back to page 24, Mr. Child, you spoke yesterday of the average carrying charges to March 1 as being 2.91 cents per pound; is that correct?

Mr. CHILD: Yes.

Mr. MONET: You also stated that that was made up of two items; now, is that correct?

Mr. CHILD: Yes.

Mr. MONET: Storage, and interest at 6 per cent.

Mr. CHILD: That is right.

Mr. MONET: And those carrying charges are figured to March 1.

Mr. CHILD: Correct.

Mr. MONET: Now, looking at the other section of that page, to the right, I notice that butter started being sold on November 12?

Mr. CHILD: Yes, was being moved out of storage.

Mr. MONET: Being moved out of storage, and it was moved out of storage from November 12 to February 25?

Mr. CHILD: Correct.

Mr. MONET: By February 25 I understand there were 81,129 pounds moved out?

Mr. CHILD: Boxes.

Mr. MONET: Boxes moved out?

Mr. CHILD: Yes.

Mr. MONET: Now, Mr. Child, would the carrying charge established at 2.91 cents be the same on a box of butter sold on November 12 as on one sold on February 25?

Mr. CHILD: No.

Mr. MONET: They were not?

Mr. CHILD: No.

Mr. MONET: So the carrying charges on the butter sold for the week ending November 12 would not amount to 2.91 cents a pound?

Mr. CHILD: No.

Mr. MONET: So that the statement made yesterday that the net profit on all butter sold during the period from November 12 to February 25, and we are talking only of stored butter, that was set at 11.21 cents would not be exact; in other words, it would be more than that for the first weeks of the period that the butter was sold?

Mr. WIGGINS: May I answer that?

Mr. MONET: Yes.

Mr. WIGGINS: The figure 2.91 cents is the average cost per pound of the carrying charges on butter. That is the actual number of dollars paid out on the pound of butter sold.

Mr. MONET: Right.

Mr. WIGGINS: The figure 11.21 cents is the average profit. On some of the butter sold in November the carrying charges would not be so great, neither would the selling price.

Mr. MONET: Well, I want to make it perfectly clear.

Mr. WIGGINS: So that 11.21 cents is the average profit per pound on the sale of 81,129 boxes of butter.

Mr. MONET: To make this perfectly clear, Mr. Wiggins, I would like to know for the information of the committee and for my own information if the charge of 2.91 cents has been made on butter sold in the week of November 12?

Mr. WIGGINS: No.

Mr. MONET: It has not?

Mr. WIGGINS: No.

Mr. MONET: So this charge of 2.91 cents is an average charge keeping in mind the different periods during which it was sold.

Mr. WIGGINS: Yes.

Mr. MONET: That is all, thank you.

Mr. IRVINE: Mr. Chairman, there are a few questions. I think perhaps some of them have been touched on already but there are some minor points on which

I would like to be assured; and I would ask the witness to turn to pages 3, 4 and 5—3 will do because the same item appears on all of them by months; and the item I am interested in first is the profit and loss statement on creameries and the cost of sales item. Does this cost to sales item include the cost of butterfat and other materials?

Mr. CHILD: It includes the cost of butter as it is packaged ready for sale, that would be the ingredients, the butterfat plus the wrapper in which it is wrapped and anything else.

Mr. IRVINE: What else would there be?

Mr. CHILD: I do not know.

Mr. IRVINE: Then it includes every cost for material? It includes all your material costs?

Mr. CHILD: Yes.

Mr. IRVINE: Then what does the item expense include?

Mr. CHILD: That covers your manufacturing and shipping expense and whatever office expense is necessary at the creamery.

Mr. IRVINE: Manufacturing and shipping and office expense?

Mr. CHILD: In the main, and also the cost of picking up the cream, transportation cost.

Mr. IRVINE: Do you include income tax as an expense?

Mr. CHILD: No.

Mr. IRVINE: Do you buy or sell any other commodity in your creamery other than butter?

Mr. CHILD: Yes.

Mr. IRVINE: In that case should not a part of the expenses be allocated to that portion of your sales, part of the profit from that operation or those operations taken out of the butter account?

Mr. CHILD: Tha is done. This is only the expense that applies to butter which is seen here.

Mr. IRVINE: That is taken out completely, isolated from all the rest?

Mr. CHILD: Oh quite, and it is quite a job too.

Mr. IRVINE: I imagine it would be. Does the creamery sell skim milk?

Mr. CHILD: No.

Mr. IRVINE: Or buttermilk?

Mr. CHILD: Yes.

Mr. IRVINE: And that is not included in the sales account?

Mr. CHILD: No, not in this.

Mr. IRVINE: Buttermilk?

Mr. CHILD: Mr. Wiggins tells me buttermilk is included.

Mr. IRVINE: Which would to some extent affect the ultimate profits on butter alone?

Mr. CHILD: Mr. Wiggins can tell you what that would be.

Mr. IRVINE: You cannot say approximately how much that will alter the figure?

Mr. WIGGINS: Buttermilk sales over the year would be about \$2,700.

Mr. IRVINE: And that would have to be deducted from the actual value of the butter?

Mr. CHILD: That would be deducted, Mr. Irvine, from this figure that you see there on page 3, the sales value of \$2,844,000 in the last column on the right. It is from that figure that the \$2,700 would have to be deducted—you see the \$2,844,000 there? It is a very small amount.

Mr. IRVINE: Would you agree that the creamery depends on the high production months of June, July and August to make enough profit to cover up the loss which might be sustained in the low production period of the year? I think that is the general opinion, is it not?

Mr. CHILD: Yes.

Mr. IRVINE: Now, the butterfat subsidy at 10 cents a pound was removed on May 1, 1947, was it not?

Mr. CHILD: I do not know the date.

Mr. WIGGINS: That is right.

Mr. IRVINE: And the butter price ceiling was raised by 10 cents per pound.

Mr. WIGGINS: That is right.

Mr. IRVINE: Is it correct to say that 0.8 pounds of butterfat makes 1 pound of butter?

Mr. WIGGINS: That is right.

Mr. MAYBANK: What is that?

Mr. IRVINE: 0.8 pounds of butterfat make 1 pound of butter.

Mr. MAYBANK: I did not get the figure.

Mr. IRVINE: That would mean that the amount of butterfat that was required to make 1 pound of butter was increased by 8 cents a pound?

Mr. WIGGINS: I am sorry I don't follow that, Mr. Irvine.

Mr. FLEMING: Did you say 0.8, .08 or .8?

Mr. IRVINE: I said 0.8.

Mr. FLEMING: Then it is .8.

Mr. IRVINE: I wanted to make sure they would know there was not a whole cent in it at that point.

Mr. CHILD: 8 cents, in other words.

Mr. IRVINE: Yes, 8 cents; which would mean, as I see it, that the amount of butterfat required to make 1 pound of butter was increased on account of the increase in the selling price by 8 cents a pound.

Mr. WIGGINS: Actually the butterfat subsidy was 10 cents per pound.

Mr. IRVINE: Yes.

Mr. WIGGINS: Which was considered equivalent to 8 cents a pound on butter, but when the ceiling was lifted it lifted it to 10 cents per pound on butterfat.

Mr. IRVINE: That is my point, and since .8 per cent of butterfat makes 1 pound of butter it will be equivalent to 8 cents, that was the increase on butterfat and it was 10 cents per pound on butter.

Mr. WIGGINS: No, the opposite way.

Mr. IRVINE: How is that?

Mr. WIGGINS: Because 8 cents per pound on butter is equivalent to 10 cents per pound on butterfat.

The CHAIRMAN: That is right.

Mr. MAYBANK: It takes less than a pound of butterfat to make a pound of butter.

Mr. IRVINE: That is my point exactly, it makes more so that you have some butterfat left over after you have made your pound of butter.

Mr. LESAGE: It is the reverse, Mr. Irvine; if you have 10 cents for one pound of butter that is the equivalent of 8 cents on a pound of butterfat.

Mr. CLEAVER: And if you increase it to 10 cents a pound you increase the value of the butterfat to 12.5 cents.

Mr. CHILD: That is it.

Mr. McCUBBIN: The farmer will receive 74 cents a pound for his butterfat yet the price of butter is only 66 to 67 cents. We receive a lot more for our butterfat than the consumer pays for his butter.

Mr. LESAGE: And it takes less than a pound of butterfat to make a pound of butter.

Mr. IRVINE: But it was the butter price that was raised by 10 cents.

Mr. LESAGE: The subsidy was removed on butterfat.

Mr. IRVINE: And the selling price went up 10 cents per pound.

Mr. LESAGE: That is it.

Mr. IRVINE: I am arguing that that made an 8-cent increase only in butterfat and 10 cents a pound on butter.

Mr. McCUBBIN: No, no; 12 cents a pound on butterfat.

Mr. CHILD: A pound and a half.

Mr. McCUBBIN: Yes.

Mr. IRVINE: I do not think that is correct, but we will let it drop for now.

The CHAIRMAN: We will have to argue that later.

Mr. IRVINE: We will let it go for the moment.

The CHAIRMAN: Are you satisfied as far as your point of view is concerned with the answer you have received? I do not want to take you off that if you are not satisfied.

Mr. IRVINE: Well, if they insist that the price was not increased by 8 cents but by 12 cents then I see no reason why such an increase could be suggested. I will take their word for it until we have more adequate information before us.

Mr. MONET: Excuse me, I think this is very important because it is the basis of everything in butter, and I think that while we have here the two gentlemen who know exactly what is what it should be explained.

Mr. McCUBBIN: Let them give the answer then.

Mr. LESAGE: Mr. Taylor has explained it and Mr. Singleton has explained it.

The CHAIRMAN: Mr. Wiggins, have you anything to say on it?

Mr. WIGGINS: I have the record in front of me of the paid price. The price we paid for cream the first week of May was 56 per pound butterfat at the farm and the price of the wholesale market on butter at that time was 48 cents to 48.5 cents.

Mr. IRVINE: That was in May?

Mr. MACINNIS: That was after the subsidy was removed?

Mr. WIGGINS: Yes.

Mr. MACINNIS: What was the situation immediately before the subsidy was removed?

Mr. WIGGINS: You will recall that the creamery paid the subsidy to the producer and turned it back—I have to speak from memory now—but I think they paid 51 cents including the subsidy we were paying 51 cents for butterfat including the subsidy.

Mr. MACINNIS: 51 cents including the subsidy; what was the price of butter at that time?

Mr. WIGGINS: 40 cents, before the ceiling was advanced.

Mr. IRVINE: My contention is, Mr. Wiggins, that the amount of butterfat after May 1 required to make a pound of butter cost 8 cents. I want to be absolutely sure that that is true or not true.

Mr. WIGGINS: What do you mean by saying that a pound of butter cost 8 cents?

Mr. IRVINE: I mean that the amount of butterfat required to make a pound of butter after May 1, after the removal of the subsidy, the amount of butterfat required to make a pound of butter cost 8 cents and the butter was 10 cents.

Mr. LESAGE: No.

Mr. IRVINE: I am asking Mr. Wiggins.

The CHAIRMAN: Let's get this out of the witness. This is important, and I must say that I am confused myself now.

Mr. LESAGE: Who wouldn't be?

Mr. IRVINE: Thank God I have done something for you.

The CHAIRMAN: I think you ought to try to answer that, Mr. Wiggins, just to see if you cannot put us straight, as to whether Mr. Irvine is right or whether Mr. Lesage is right.

Mr. WIGGINS: Actually if the price of butter rose 8 cents per pound the price of butterfat would rise 12 cents a pound as far as the creamery was concerned.

Mr. IRVINE: Would you stop there just for a minute; what amount would you pay for the amount of butterfat required to make a pound of butter?

Mr. MAYBANK: After the rise?

Mr. IRVINE: Yes.

Mr. WIGGINS: I would pay for the butterfat required to make a pound of butter 42 cents, because the price of butterfat was 45 cents a pound and we were paying 53 cents a pound for butterfat.

Mr. IRVINE: You might give me now the way the amount of this increase worked out.

Mr. WIGGINS: I have given you that, sir.

Mr. IRVINE: You may have from your point of view but you have not answered my question as to whether I am right in saying that after the removal of the subsidy and the increase in the price of butter by 10 cents which occurred in May, that you then had increased your butterfat required to make a pound of butter by 8 cents but you had increased the price of a pound of butter made out of that butterfat by 10 cents.

Mr. WIGGINS: That is not correct, sir; we increased the cost price of the butterfat by 12 cents.

Mr. IRVINE: You increased it by 12 cents?

Mr. WIGGINS: Right.

Mr. IRVINE: I am not interested in your pound of butterfat now, I am interested in the amount of butterfat required to make a pound of butter and how much that was increased, whether it was 8 cents, 9 cents, 10 cents or 12 cents; whatever you say.

Mr. WIGGINS: The increase in the cost of the amount of butterfat required to make a pound of butter was 10 cents per pound.

Mr. IRVINE: Ten cents per pound; well then, I must take that. Could you give to the committee the cost of raw materials at the creamery?

Mr. LESAGE: Mr. Chairman, before Mr. Irvine leaves that pound of butterfat may I direct his attention to exhibit 52. He will find the answer to all of his

questions in tables 5 and 6; and, if Mr. Irvine will look at that he will see that the increase in the price of butterfat was the amount of the subsidy, exactly; and that the increase in the price of butter from prairie points to you averaged 8½ cents a pound, solids, Montreal.

Mr. IRVINE: Well then, may I ask this? If butterfat was increased by 10 cents per pound and the butter price was increased by 10 cents and it takes less butterfat to make a pound of butter, then there must have been some fraction of it go to the company by way of increase?

Mr. WIGGINS: I think I see your point now, sir. The butter price advanced only 8 cents, it did not advance to the ceiling.

Mr. IRVINE: It did not go to the ceiling?

Mr. WIGGINS: No, not at that time.

Mr. IRVINE: But it did subsequently?

Mr. WIGGINS: Oh yes, but that was a month or so later.

Mr. IRVINE: I have a question on that later, but if it is merely a matter of days I think the point is settled.

Mr. WIGGINS: If you will turn to the graph in the back of the folder, the second last sheet, the top line, that is the dotted line, it is the price line. You will notice that on the first day of May the butter market was just over 48½ cents. It actually went lower during that period. It did not reach the 50-cent mark until the 23rd of June and then only for a day or two. Actually you have to go on to the 20th of July before we hit the 51-cent level, and we started to then. So it was some weeks after the first of May before the price went above that.

Mr. IRVINE: Would it be possible to get comparable figures as to the cost of materials at the creamery and the cost of butter bought by the creameries? I presume you buy as well as manufacture at certain points; the expenses of the creameries, plants, storage plants; all of those costs related to butter alone; then the cost of butter and the total cost of butter per pound; your selling price of butter and the net profit on every transaction.

Mr. CHILD: A good deal of that information is right in this binder, Mr. Irvine.

Mr. IRVINE: I know some of it is there but I would like to have this in one picture.

Mr. CHILD: I think that is impossible. Your last question was the net return, the net profit on every transaction, of which there would be many thousands.

Mr. IRVINE: On all transactions.

Mr. CHILD: Yes.

Mr. IRVINE: I do not mean every move you made.

Mr. CHILD: I must have misunderstood you.

Mr. IRVINE: I mean in your plants and your creameries and your storages.

Mr. CHILD: Let us take your questions one by one, if you like.

Mr. MONET: I think that is all in this exhibit 59, which the witness was asked to produce.

Mr. IRVINE: You say it is in exhibit 59?

Mr. MONET: Yes, I think all of that information is in exhibit 59.

Mr. CHILD: I think so.

Mr. IRVINE: If you could point out where those are given in the way I want them I will be glad to have them.

Mr. MONET: The committee will be able to have that right away?

Mr. CHILD: Suppose Mr. Irvine just asked me a question and then we will see what we can do?

Mr. IRVINE: Well, the first question is the cost of materials to the creamery.

Mr. CHILD: What materials are you speaking about; for instance, the cost of repairs might vary from month to month.

Mr. IRVINE: All the materials that go into butter.

Mr. CHILD: Those figures are right here on page 2, under cost of sales year by year.

Mr. IRVINE: The cost of sales must include more than the cost of materials.

Mr. CHILD: No.

Mr. IRVINE: Is that what you mean by that?

Mr. CHILD: You mean the cost of the butter sold.

Mr. MACINNIS: The final cost of producing butter.

Mr. CHILD: That is right, once you have a pound of butter in your hand, what that costs without any of these other expenses added.

Mr. MAYBANK: You might put it this way: that includes manufacturing right up to the point of sale, and the subsequent costs are the costs incurred in the actual selling, I presume.

Mr. CHILD: You might say that this is the amount of money we pay to the farmer, plus the cost of packaging.

Mr. MAYBANK: Plus the cost of—

Mr. CHILD: Packaging.

Mr. MAYBANK: Up to the time that you get it all ready to sell, you mean?

Mr. CHILD: No, the manufacturing expense is not in that. This item, cost of sales, is the amount of money that we pay to the producer, plus the cost of packaging.

Mr. MAYBANK: And that is what is sometimes referred to as the prime costs; or do you use that expression?

Mr. CHILD: We do not use it; I know what you mean.

Mr. MAYBANK: Is that the same thing?

Mr. CHILD: I think so.

The CHAIRMAN: I think that is clear now.

Mr. IRVINE: As long as I know what cost of sales implies.

Mr. CHILD: Yes. Some of these items are misleading, you will note; that is, they are used among accountants but are misleading for some other purposes.

Mr. IRVINE: Does that include your raw material costs?

Mr. CHILD: Yes.

Mr. IRVINE: Then the cost of butter bought at the creamery apart from the manufacture of it.

Mr. CHILD: That is in that figure and I cannot give it separately, but I can say this: it would be brought up to market.

Mr. IRVINE: That would vary every day?

Mr. CHILD: Oh, quite; but if we bought from another outside creamery he would charge us what he could get from anyone else.

Mr. IRVINE: Would there be a profit on that transaction by itself? Would the creamery make a profit on the transaction of buying butter at a certain price and selling it higher?

Mr. CHILD: If we could sell it over and above our cost of handling it there would be a profit.

Mr. IRVINE: Were there any such sales?

Mr. CHILD: Oh, of course; that is the sales which you see here, the sales of our own butter plus any other butter we bought. I think I am correct in saying this—I will ask Mr. Wiggins to check me—as far as creameries are concerned, ordinarily we do not buy very much butter outside of—would it be correct to say for our own use?

Mr. WIGGINS: That is correct. We buy butter in order to get a greater supply from many sources, and that is one of them. It is a relatively small amount, in some plants none at all.

Mr. MONET: What do you mean by small amounts?

Mr. WIGGINS: I would have to make that figure. It would be probably about twenty per cent more than shown.

Mr. IRVINE: Can you give us the expenses of the creameries as to plant and storage, expenses of selling, concerned with butter alone, in each of those transactions?

Mr. CHILD: Yes, they are here. We do not have any figures here on storage, as far as storage is concerned, because they are not in the butter business, they are in the storing business; but with that exception I can give you anything else you ask. It is right here, or I will give you the total if you like.

Mr. IRVINE: Please.

Mr. CHILD: Butter, creameries from 1939 to 1947.

Mr. IRVINE: And that is on what page?

Mr. CHILD: On page 2. There are a number of pages I will come to but the one I am looking at now is page 2. The expenses of the creameries for the fiscal years 1939 to 1947, total expense applicable to butter alone, is \$2,051,734. Now, if you will turn over a page, we show there on page 3 the expenses of butter operations at the creameries for the calendar year 1946, and the total is \$312,193; and on page 4, the 1947 calendar year, the expenses on butter at the creameries is \$326,028; and on page 5, for the first two months of 1948, the expense in January was \$18,666, and in February, \$18,225.

Mr. PINARD: Will you be able to give us a breakdown of that?

Mr. CHILD: Would you like me to give you that now, or may I go on and come back to that later on?

Mr. PINARD: You can give us that later on.

Mr. IRVINE: Then I would like the total cost of your butter for the year on all transactions.

Mr. CHILD: I beg your pardon.

Mr. IRVINE: I would like to have the actual total cost of your butter, whether purchased or manufactured.

Mr. CHILD: I have that right here. I have already given that.

Mr. IRVINE: No, one year's total.

The CHAIRMAN: The cost of manufacturing alone.

Mr. CHILD: The figures are right there. I can give it to you for fiscal years or calendar years, whichever you prefer; or, shall I just go ahead?

Mr. IRVINE: Give me the total of the calendar year. Where is that?

Mr. CHILD: I will work back and begin by taking the calendar year 1947.

Mr. IRVINE: On what page are you now?

Mr. CHILD: On page 4. Do you want to check this over with your pencil? The cost of the product alone was, packaging for the whole calendar year \$3,399,204; and as to the expenses applicable to that, \$326,028. So that the total of the two would be the cost plus the expenses for the calendar year. Going back to page 3, I can give you the same figure for the calendar year 1946.

Mr. IRVINE: That is all right; and your selling price of butter for the year?

Mr. CHILD: I can give you—let us take 1947, page 4—

Mr. IRVINE: By the way, this figure that you have just given me, does that include all the butter you have handled or just creamery butter?

Mr. CHILD: Just creamery. I will go on and give you the others and come back to that.

Mr. IRVINE: Oh, yes; we will have to total that with this?

Mr. CHILD: If you like, yes.

Mr. IRVINE: Go ahead then with the others.

Mr. CHILD: Now, if you wish to turn to plant, on page 9, for the fiscal years 1939 to 1947, the total cost of butter sold for those years \$82,456,018, and the total expenses applicable, \$3,245,928. Do you see that?

Mr. IRVINE: I didn't get the last figure here.

Mr. CHILD: The third line down—are you on page 9?

Mr. IRVINE: Yes.

Mr. CHILD: The third line down—\$82,000,000.—

Mr. IRVINE: Oh yes, I have that. Then your next one?

Mr. CHILD: The second last figure down, \$3,245,928.

Mr. IRVINE: Oh yes.

Mr. CHILD: Would you like to go on to the calendar year? Take down to the calendar year 1946; the total cost of butter sold at our plants, \$8,735,475.—that is about half way down the page there, under Saskatchewan—the last section in the sheet.

Mr. IRVINE: Oh yes.

Mr. CHILD: And the third figure down.

Mr. IRVINE: I have it.

Mr. CHILD: And the expense for that period totalled \$413,629. Now, for the calendar year 1947, on the next page, page 11, the total cost of sales \$12,085,955, and the total expenses \$521,972. The figures are exactly the same for the branches but I will point them out for you if you like, Mr. Irvine. They are on pages 16, 17, 18 and 19 under exactly the same headings, and the accounting procedure is the same for all these divisions.

Mr. FLEMING: May I just interrupt there for the purposes of clarification of the record, we are dealing with expenses only and we are not saying anything about the cost of sales.

Mr. CHILD: What page are you looking at?

Mr. FLEMING: I mean all these figures you have been giving, the ones you have just been giving for page 11—it is just a matter for clarification for the record.

Mr. CHILD: I have been giving you both.

Mr. FLEMING: I know, but I want to make it clear that you have two separate items; you have the cost of sales items and you also have expenses?

Mr. CHILD: That is right.

Mr. FLEMING: And you have to subtract the latter from your total value of sales in order to arrive at any profit or loss?

Mr. CHILD: Yes. We might show that in one item, for example, but just by way of clarification we break it down in this way.

Mr. FLEMING: I was just putting that on the record. It is clear now that that is so.

Mr. CHILD: It is the usual profit and loss way of using these figures.

Mr. IRVINE: May I ask you to turn to page 9 for a minute?

Mr. CHILD: Yes.

Mr. IRVINE: And expenses again, I ask you to look at wages and salaries?

Mr. CHILD: Yes.

Mr. IRVINE: Now, do these plants handle butter exclusively?

Mr. CHILD: Oh, no.

Mr. IRVINE: Have you allocated the wage expense, for instance, to all of the products that are handled there or to butter alone?

Mr. CHILD: The figures you see on page 9, entitled wages and salaries, are for butter alone.

Mr. IRVINE: How do you manage to extract the actual wage cost on butter in a plant which is handling so many other products or some other products?

Mr. CHILD: It is quite easy, Mr. Irvine, because butter is handled in a separate department. There is a separate payroll for it. This represents the wages and salaries paid to the persons engaged exclusively in handling butter.

Mr. IRVINE: Your overhead expenses are apportioned in proportion to the business done in the various commodities handled?

Mr. CHILD: Yes.

Mr. IRVINE: Then, I want to have a look at page 11 again for a moment. The profit and loss statement on page 11 shows a loss, as of November 6.

Mr. CHILD: This is for the calendar year 1947?

Mr. IRVINE: Yes, November 6 shows a small loss. By December 4 a considerable profit is shown. At that time, I presume, there was every indication there would be a good profit on all butter in storage. A shortage was anticipated. You, having made a profit, at least in December, knew that the butter in storage would very likely maintain its price and even go higher.

Mr. CHILD: Yes.

Mr. IRVINE: That is a reasonable assumption?

Mr. CHILD: I think so.

Mr. IRVINE: Then, having made a very substantial profit in December with the price of butter as it was, why then did you raise the price of butter from 60.9 cents to 65.69 cents for the four week period following December 4?

Mr. CHILD: I think, as Mr. McLean explained, we did not raise the price, we followed the market.

Mr. PINARD: I would rather say that you led the market.

Mr. FLEMING: That is not what Mr. McLean said, if you are quoting him.

The CHAIRMAN: That is a matter of judgment.

Mr. IRVINE: At any rate, it was increased 6.5 cents a pound over what December 4 return shows to have been a profitable price?

Mr. CHILD: Where are you getting your 6.5 cents?

Mr. IRVINE: Have I again made a mistake in my subtraction?

The CHAIRMAN: You were on page 11; 6.5 is the amount counsel has arrived at.

Mr. IRVINE: Hurrah, I am right.

Mr. MONET: Perhaps I am wrong.

Mr. CHILD: You gentlemen are a little ahead of me. Where are you? I do not see any prices on page 11.

Mr. IRVINE: The price went up. We are merely figuring the amount of increase that took place after December, 1947.

Mr. CHILD: I was just wondering what chart you used to get 6.5.

Mr. IRVINE: The butter price, as I understand it on that date, December 4, was 60·69 cents; that was the price of butter about that date.

Mr. CHILD: If you look at page 24—

Mr. MAYBANK: I think you are getting the figure from some other statistic which was supplied.

Mr. IRVINE: I am taking the price of butter as I understand it. What was the price of butter on December 4?

Mr. CHILD: Look at page 24.

Mr. FLEMING: It was over 63, then, according to page 24.

Mr. CHILD: Have you page 24, Mr. Irvine?

Mr. IRVINE: Yes.

Mr. CHILD: We give the prices there under the out column. What date did you want to pick?

Mr. IRVINE: Take December 4.

Mr. CHILD: This is our week ending December 3, 63·23.

Mr. LESAGE: That is the average for the week ending on that date?

Mr. CHILD: Oh, yes, but that would be fair.

Mr. MONET: The average is 61·08, but the price of butter sold during that week was 63·23.

Mr. CHILD: Then, the average for the next week is 63, or 1·59 of an increase.

Mr. IRVINE: And it goes up to 69·8. It goes up, week after week, to the week ending December 31.

Mr. LESAGE: There is your 5 cents, between the week ending December 3 and December 31, you have a spread of 5 cents.

Mr. IRVINE: I say the price went up.

Mr. MAYBANK: The exact figure does not matter. The point is you have a 5 or 6½ cent rise; is that not the point?

Mr. IRVINE: Having arrived at the same figure as counsel, I am quite sure it is correct. Apart from the figure, it did rise very considerably, let us put it that way, during the four weeks following the 4th of December.

Mr. FLEMING: I suggest we get the exact figure and settle it.

The CHAIRMAN: The figures speak for themselves; it is a matter of calculation and that can be done any time. On page 24, there is a rise from the 3rd of December, progressively, right through to January. In December, it was 64; on January 7th it was 64·03 and 64·79 by the end of January. There is a progressive rise there.

Mr. IRVINE: At any rate, my question is, since the company was making a good profit in December at the price that butter was then, what justification does the company have for having increased its price by, let me say, at least 5 cents a pound, during the four weeks succeeding the 4th of December?

Mr. CHILD: My only answer to that is the same as I previously gave you, that the company sold at the market, at the same price as every other person producing and selling butter.

Mr. IRVINE: I am not charging you with selling any higher, but it was not necessary for the company to go to the ceiling, was it?

Mr. LESAGE: There was no ceiling.

Mr. CHILD: There was no ceiling.

Mr. MAYBANK: It was not necessary to accept the market price.

Mr. IRVINE: No, it was not necessary to accept the market price when you were already making a very excellent profit before the rise began.

Mr. CHILD: Let me give you a further explanation: as we outlined yesterday, all of the butter we sell, week by week, does not come out of our storage stocks. Let us say 50 per cent comes out of storage and the remainder comes from butter produced currently for which we paid current prices to the farmer.

Mr. IRVINE: That would be happening prior to December 4 just as much as after?

Mr. CHILD: It would be happening nearly all the time.

Mr. IRVINE: So, I do not think it would affect the picture greatly, although I see your point. The point is that with that occurring prior to the fourth, you were making a fine profit. The price of butter went up 5 cents, at least, during the four week period and still you added that to an already good profit margin.

Mr. CHILD: Our cost was going up, too—the cost of the butter we were making currently and, to some extent, by the carrying charges on the storage butter.

Mr. IRVINE: I do not think your figures show your cost jumped that high in the four weeks.

Mr. CHILD: I think if you have any figures among the exhibits of the prices paid to producers, you will see that.

Mr. IRVINE: Will you agree that the profit was excessively high during that period?

Mr. CHILD: We said it was.

The CHAIRMAN: It was admitted yesterday.

Mr. FLEMING: I do not think that was what Mr. McLean said. I believe he said it was unprecedented.

The CHAIRMAN: Mr. Fleming points out that Mr. McLean said it was unprecedented, and I think that is right.

Mr. MONET: I should like to ask a few questions. It was established yesterday, Mr. Child, that butter stored between June 5 and October 15 and sold apparently between November 12 and February 25, had been sold at a net profit of 11·21 cents; is that correct?

Mr. CHILD: On an average.

Mr. MONET: Would you now turn to page 11? For the week of December 4, or the four week period ending December 4, you give there as the total sales in pounds, 3,024,748; is that correct?

Mr. CHILD: Yes.

Mr. MONET: This figure, I understand, includes every pound of butter you sold during that period, whether it came from your plant, your storage butter or any source?

Mr. CHILD: That is right.

Mr. MONET: So, this figure covers every pound of butter sold by Canada Packers during that period?

Mr. CHILD: Through those eight plants.

Mr. MONET: You show there that the net profit on those 3,000,000 pounds—I am using round figures—has been established as \$98,738.88; that is correct?

Mr. CHILD: Yes.

Mr. JOHNSTON: What page is that?

Mr. MONET: Page 11, the bottom line of the third column from the right. If you divide the total pounds of butter sold by the net profit as shown on that

page, would it not show that your net profit for each pound of butter coming from any source and sold through these plants would be 3.3 cents a pound?

Mr. CHILD: I differ with you on the arithmetic, 3.2.

Mr. MONET: I think this will bring out quite clearly what you are asking for, Mr. Irvine. For the period ending December 31, I understand you sold 2,550,223 pounds of butter?

Mr. CHILD: That is right.

Mr. MONET: Again, from all sources and sold through these plants?

Mr. CHILD: Correct.

Mr. MONET: Giving a net profit of \$166,433.39?

Mr. CHILD: Right.

Mr. MONET: Would that give you a net profit per pound of 6.5 cents?

Mr. CHILD: You and I are in agreement, that is right.

Mr. MONET: Now, taking page 12, for the period ending—

Mr. LESAGE: What is the profit per pound for the period ending January 28.

Mr. MONET: The profit would be 7.7.

Mr. CHILD: I will accept your figures.

Mr. MONET: You will accept 7.7?

Mr. CHILD: It looks like that.

Mr. MONET: For the period ending February 25, the net profit would be 5.7?

Mr. CHILD: That is right.

Mr. LESAGE: Have you worked out the average?

Mr. MONET: I did not.

Mr. LESAGE: I did. I believe the average would be 5.7 cents. If you take the dollars and divide by the number of pounds sold, you will arrive at a profit per pound of 5.7 cents.

Mr. MAYBANK: I feel that the man who supplied the average ought to get a scholarship.

Mr. PINARD: Have you been with the company since its incorporation in 1927?

Mr. CHILD: No, I was at school then.

Mr. PINARD: We have your figures showing the profit on butter since 1939 only. I should like you to tell us, if you know it, what was the highest profit for the years during that period between 1927 and 1939?

Mr. CHILD: On butter?

Mr. PINARD: Yes.

Mr. CHILD: I think there is a sheet in here showing that.

Mr. PINARD: Table 2, but it only shows up to 1939.

Mr. CHILD: No, back to 1929.

Mr. PINARD: Where is that.

Mr. CHILD: On page 23; that covers the entire period of the company's operations, Mr. Pinard, with the exception of the seven and a half months in 1927 and 1928.

Mr. JOHNSTON: Those figures are only for the eight plants.

Mr. CHILD: Yes, but that would be the major part of the operations.

Mr. PINARD: In other words, it is correct to conclude that your profit of 11.21 for the period ending in March 1948, would be the highest profit you have made since the incorporation of the company?

Mr. CHILD: On butter, yes.

Mr. PINARD: You have a profit in 1941 of 8·64.

Mr. CHILD: I think you are talking about storage butter.

Mr. PINARD: Yes, storage butter.

Mr. CHILD: The average for all butter is 1·51.

Mr. PINARD: But for storage butter, now, you have it on table 2. In 1941, it is shown as 8·64. This is on table 2 attached to the statement of Mr. McLean.

Mr. CHILD: 1941, 8·64 on storage butter.

Mr. PINARD: Do you have figures for the storage butter for those 12 years before 1939?

Mr. CHILD: No.

Mr. PINARD: You do not?

Mr. CHILD: No.

Mr. PINARD: Have you any idea at all, or can you give us an approximation of the highest figure which was obtained during that period for storage butter?

Mr. CHILD: No, I do not know whether Mr. Wiggins has any idea of that.

Mr. PINARD: I should like to ask Mr. Wiggins if he has?

Mr. WIGGINS: I cannot speak from records, I can only speak from memory.

Mr. PINARD: What would you say?

Mr. WIGGINS: I would say no. 8·64 was the highest to that date, and this year is the highest again to date.

Mr. JOHNSTON: That would be 11·21.

Mr. PINARD: Now, coming back to the question I asked yesterday. I asked you if you had a breakdown of expenses for creameries, branches and plants. I refer you first to page 3. I was asking you yesterday if you had a breakdown of the expenses which are listed there by months?

Mr. CHILD: I can give you a breakdown of expenses corresponding to—I think it is page 4.

Mr. PINARD: For 1947?

Mr. CHILD: I have it here for the twelve periods, that is to date, of our fiscal year 1948.

Mr. LESAGE: Would it not be better to first give the figures for which I asked and then break them down?

Mr. PINARD: I was interested in knowing this; you did not secure a breakdown for 1946 and 1947?

Mr. CHILD: I was not able to.

Mr. PINARD: You were not able to do it as yet.

Mr. CHILD: I can give you, however, a breakdown for the fiscal year 1948 to date, that is, the twelve months. I think that would give you just as good a picture of the previous years. It would give you an idea of what they were.

Mr. JOHNSTON: Will you give those?

Mr. LESAGE: We had better get all the figures first before you break them down.

Mr. PINARD: Page 4 relates to the calendar year and you are now talking about the fiscal year.

Mr. CHILD: Mr. Lesage asked me for the last twelve periods of the fiscal year 1948; that is what he asked me for and that is what I got.

Mr. PINARD: You have not got it for the calendar year?

Mr. CHILD: No.

Mr. PINARD: I wanted to compare that with what you have here.

Mr. CHILD: This is the best I could get. If you would like this, I should be glad to read it.

Mr. LESAGE: Later, when we have all the figures.

Mr. PINARD: I was asking you yesterday some questions concerning page 3. Take 1946, for instance, the amount of expense for the period ending January 31 is \$20,000. Now, it goes down to \$18,000 in February and up to \$24,000 in March; down to \$17,000 and then slowly increases right to the end of the year, practically, except for December and January. The same thing seems to occur in 1947. I should like you to comment on that. Yesterday I asked you what the reason would be for that. In other words, there is a decrease from January to May and then there is an increase to the end of the year.

Mr. LESAGE: Well, take the year end figure from the 28th of March, that comes at the end of our fiscal year.

Mr. PINARD: You are talking about 1946?

Mr. CHILD: Yes, on page 3. Let us take those three months you have stated, the 31st of January, the 28th of February and the 28th of March. Now I think the explanation of the decrease from \$20,000 to \$18,000 in the first two would probably be due to lower volume. You will see that sales, in the first period were 440,000 and only 417,000 in the next period. I think that is the answer to that.

For the next one, the 28th of March, that would be the end of the fiscal year at which time we wind up the year. If there are any hangover expenses, any special charges, they would be cleaned up in that period. Certain overhead charges and so on are pro rated over the year and if we do not estimate quite accurately throughout the year, we have to pick them up at the end of the year.

Mr. PINARD: In other words, your method of accounting forces you to report that at the end of the year. You cannot distribute it over the year month by month?

Mr. CHILD: No. Actually, for the year's picture, you see, we would be all right, but this is broken down by four week periods for our own information. We try to get it as uniform as we can.

Mr. PINARD: I am asking you this question because it does not seem to reflect clearly, month by month, the expense items. In other words, we do not know exactly what the expenses have been for each month. If, for instance, you distribute those expenses irregularly and if you report them at the end of the year, we cannot take these figures into consideration as being accurate.

Mr. CHILD: I can tell you this, Mr. Pinard, our expenses and everybody else's expenses consist of out of pocket expenses which are paid day to day, for wages. There is no difficulty about their accuracy; they are charged as they go. Then, there are certain overhead expenses, for instance, such as municipal taxes. You pro rate them over the entire year. You do your best to estimate. It is a practice followed by any company, actually, and I do not think we are very far out as the difference would show here. I would say we did not do too bad a job of pro rating any overhead expenses. The same would be true of any company.

Mr. LESAGE: I come back to the figures for which I asked yesterday on page 2, for the twelve periods of the fiscal year ending March, 1948.

Mr. CHILD: On expenses?

Mr. LESAGE: No, the over-all.

Mr. CHILD: Oh, I know what you mean. You asked for the net profit?

Mr. LESAGE: The number of pounds sold.

Mr. CHILD: You asked me yesterday for the net result for that period.

Mr. LESAGE: Oh well, all right. I will be satisfied with that.

Mr. CHILD: For the creameries, the total net profit for the twelve months to March 1, \$85,307.07; that is just an addition of those figures shown, I think on pages 4 and 5.

Mr. LESAGE: It was for that I asked and I did not want to work it out myself.

Mr. CHILD: I did it for you.

Mr. LESAGE: What would be the number of pounds sold?

Mr. CHILD: I did not add it up.

Mr. LESAGE: That is the profit on the creameries, \$85,000. Now, page 9.

Mr. PINARD: That is up to the first of March, 1948, is it?

Mr. CHILD: Yes, the actual date is given—just a moment. It is the 25th of February.

Mr. LESAGE: What would it be for the plants?

Mr. CHILD: \$584,349.13.

Mr. LESAGE: Now, page 16, the distributing branches?

Mr. CHILD: \$25,707.13.

Mr. LESAGE: Did you total all three?

Mr. CHILD: \$695,368.58.

Mr. LESAGE: What is the total amount of butter handled?

Mr. CHILD: The total amount of butter sold to the public in that period of time was 22,901,000 pounds.

Mr. LESAGE: Did you work out the average profit per pound?

Mr. CHILD: Yes, it is \$3.04—

Mr. LESAGE: \$3.04?

Mr. CHILD: \$3.04 per hundred pounds, I mean. I am used to working in hundreds of pounds. It is 3·04 cents.

Mr. LESAGE: That was your profit before taxes on all your operations in the butter department for the first twelve periods of your fiscal year which contains 13 periods?

Mr. CHILD: That is right.

Mr. LESAGE: It will be a better year than last year?

Mr. PINARD: Tremendously.

Mr. CHILD: Last year was a loss.

Mr. LESAGE: The last fiscal year?

Mr. CHILD: In butter.

Mr. LESAGE: Yes, '19. That is only for the plants, what was it for the three operations?

Mr. CHILD: \$59,781.64.

Mr. FLEMING: Is that a loss?

Mr. LESAGE: What is the loss per pound?

The CHAIRMAN: There are two questions at once, there, and not one is answered. Just ask one question at a time and get an answer.

Mr. LESAGE: I asked, what was the loss per pound for the three operations?

Mr. CHILD: ·27 cents.

Mr. LESAGE: As I told you last night, I notice there is a difference between the figures on page 9 of the memorandum and page 2 of Mr. McLean's statement, and both are headed "plant".

Mr. CHILD: The difference is due to the fact that sheet 9, in addition to the eight plants, contains a small butter operation at 419 St. Vincent Street, Montreal.

If you will look at page 1, under cold storages, the fourth one, 419 St. Vincent Street. We do some butter operations there. In making up this consolidation for you, I thought the best place to put that was with the plants. It is not a plant, it is not a branch and it is not a storage. I had to put it in somewhere.

Mr. LESAGE: It was for that reason the figures on table 2 of Mr. McLean's statement are lower?

Mr. CHILD: They are just lower by that much.

Mr. LESAGE: They both bear the same title and I wondered where the difference was. I have a question concerning page 20 of the financial statement. There is an item showing salaries, wages and bonuses, \$18,000,000 odd dollars. What was the amount of bonus?

Mr. CHILD: I think it is given right in the report, here, on page 17. \$1,250,000.

Mr. LESAGE: Where is it?

Mr. CHILD: On page 17, about three-quarters of the way down the page.

Mr. LESAGE: Oh, yes. Was it distributed according to the wages earned during the year by everyone?

Mr. CHILD: Oh, no. That is distributed over about ten or eleven thousand employees. It is decided by the manager of every particular unit.

Mr. LESAGE: Does it include any bonus to the four top executives?

Mr. CHILD: I should think so.

Mr. LESAGE: How much?

Mr. CHILD: I do not know.

Mr. LESAGE: Could you tell the committee what bonus was paid to the four top executives of your company out of that \$1,250,000?

Mr. CHILD: I do not know the figures.

Mr. LESAGE: Would you send them to the committee when you are back in Toronto?

Mr. CHILD: Oh, yes.

Mr. PINARD: I think we should have a statement of the salaries paid to the executives as well. We might as well have that, if we are to have the bonuses.

Mr. CHILD: I can say this, if it is pertinent to the butter enquiry, that I should think the amounts involved would be a very, very small factor in the price of butter.

Mr. LESAGE: There is no doubt about it.

Mr. CHILD: I was wondering whether these questions were asked out of curiosity or whether it is pertinent to the butter enquiry?

The CHAIRMAN: What do you say, Mr. Lesage?

Mr. LESAGE: I was not much interested in the salaries, just the bonus.

Mr. MERRITT: It would not affect my judgment.

Mr. LESAGE: I was interested only in the bonuses paid to the top executives.

The CHAIRMAN: How would that affect the price of butter?

Mr. LESAGE: There is \$1,250,000 there for the fiscal year ending 1947, and the loss in the butter department was only .27 cents.

The CHAIRMAN: Oh, I see. I think that is relevant.

Mr. FLEMING: Just in fairness, if there was a deficit in the handling of butter last year, then certainly no part of the bonus paid to any executive or any employee in the company came out of the operations in butter. It must have been taken out of some other operation.

The CHAIRMAN: Was that out of the total operation?

Mr. CHILD: That is true, because no bonus is paid until the net profit of the company is determined after income taxes. If we make no profit, we pay no bonus. Therefore, none of this bonus in a loss year on butter, as stated by Mr. Fleming, would be attributable to butter.

Mr. FLEMING: A bonus is not an expense.

The CHAIRMAN: Could we find out what proportion of that \$1,250,000 would be distributed, say, to non-executive employees?

Mr. CHILD: Just let me look at this report a minute and I might be able to give you some indication there. I think there is a figure in here. If you look at page 20, about three-quarters of the way down, remuneration to executives, officers and directors, that includes all the personnel named on the front page.

The CHAIRMAN: Would that include the bonus too?

Mr. CHILD: That would include the bonus. That is the total remuneration, salaries and bonuses. I think that would answer your question, Mr. Lesage. It gives you an idea.

Mr. LESAGE: This amount mentioned here is \$1,891,000, and that would include the bonuses paid to the executive?

Mr. CHILD: I do not get that figure, \$18,568.

Mr. LESAGE: Oh, yes, pardon me, my eyesight is bad.

Mr. CHILD: That includes \$189,133. If you subtract the \$189,000 the balance is the remuneration to all other employees than executives and directors.

The CHAIRMAN: How many would be in this executive officer class?

Mr. CHILD: Their names are given right at the beginning.

The CHAIRMAN: There are thirteen.

Mr. CHILD: No, it is fifteen.

The CHAIRMAN: Do you not think we have the picture?

Mr. LESAGE: Oh, yes, I am satisfied.

The CHAIRMAN: It is very interesting to note here on page 17, the total profit-sharing which has been in operation for thirteen years, compared with the total dividends. It is a very comparative figure; for profit-sharing, it is \$8,910,000 and for dividends it is \$9,550,000.

Mr. CHILD: It is roughly fifty-fifty.

The CHAIRMAN: I do not know what that has to do with the price of butter, though?

Mr. LESAGE: These dividends have been paid on a basis of the book value of the shares of \$1,438,284?

Mr. CHILD: No, the amount of dividend paid, Mr. Lesage, has nothing to do with that. The dividends come out of the net profits for the year and are paid to the persons who hold the 1,200,000 shares.

Mr. LESAGE: I do not know if I should go through that but I will take just a minute to ask you, Mr. Chairman, if I would be all right to ask this: We have had the evidence of the executives of the co-operatives about their method of calculating the amount to be paid each week to the farmer for his butterfat and I wondered if I should not ask the present witness to tell us how they arrive at the price they are going to pay the farmers for butterfat.

The CHAIRMAN: I was just going to observe that that question is proper and it is one which has not been asked yet, the relative position of the

co-operatives and for instance this particular company. We have been told by two of the co-operatives, in one case the profit was negligible and in the other case there was no profit hardly at all.

Mr. LESAGE: No, because they return any profit they make to their members.

The CHAIRMAN: And particularly the one in Saskatchewan. We were satisfied with its profits. There is a difference in operation and maybe a comparison would not be possible.

Mr. FLEMING: We had some evidence yesterday afternoon from Mr. McLean as to the relative position of the wholesalers or people like Canada Packers on the one hand and the co-operatives, and I believe he said that when they had the meeting with the Minister of Agriculture around the end of December or the early part of January when they were discussing the ceiling that for Canada Packers Mr. McLean gave testimony that they were quite agreeable to a lower ceiling but the co-operatives felt that the ceiling ought to have been higher than what it was. I think the ceiling suggested was 57 cents.

The CHAIRMAN: We are not talking about ceiling now.

Mr. FLEMING: Let us get down to the basis of operation. I thought that is what Mr. Lesage was talking about.

Mr. LESAGE: No.

Mr. FLEMING: All right.

Mr. LESAGE: I want to know how they fix the price of butterfat.

Mr. WIGGINS: The butterfat is bought by the independent creamery on a week-to-week basis.

Mr. LESAGE: Would you speak a little louder, please.

Mr. WIGGINS: The butterfat is bought by the privately-owned creameries on a competitive basis.

Mr. LESAGE: Did you say on a competitive basis?

Mr. WIGGINS: It is safe to say that every district has more than one creamery serving the district. The price is affected by competition. That is the first statement I think I should make. The second is, in our business we take off a profit and loss account at the creamery every week and we know what we can afford to pay for butterfat. May I refer to page 2, which shows that we had to pay more than we thought fit because we showed a loss over the nine years, and that was a matter of competition as to price. Those figures show that over the long term of years that in practically a majority of the months that competition for the product was keen.

Mr. LESAGE: Of course, you know what you are getting for your butter from week to week and no doubt you take that into account in fixing the return to the farmer for his butterfat. Can you tell us what in your opinion is a usual or safe margin on a pound of butter?

Mr. WIGGINS: I do not think I can answer that in one statement because the volume of cream going to the creamery in any one month greatly affects the price per pound of the product.

Mr. LESAGE: But the average of all your creameries?

Mr. WIGGINS: It would average about 5.25 cents under the present basis of expenses.

Mr. LESAGE: I wanted to know if your margin was about the same as the co-operatives and I find that it is, because we have had their evidence on that point.

Mr. WIGGINS: I have no figures to answer that.

Mr. LESAGE: You say it was 5·25 cents. We have the figures of the co-operatives and it is about the same amount.

Mr. WIGGINS: Yes.

Mr. MACINNIS: Does your own company consult with other companies as to the price you will pay for butterfat?

Mr. WIGGINS: Very rarely, occasionally a neighbour in discussing with a neighbour—I mean a neighbouring creamery—and occasionally the type of remark is; well, the butter market is going down or up and it is going to affect the price of cream. But there is no fixing of price on cream. There is no way to do it, there are too many operators.

Mr. LESAGE: It is highly competitive. Of course, it is the policy of the co-operative creameries to return as much as possible to the farmers and that in a way sets the pattern; and, of course, the question of volume is very important in the situation too.

Mr. WIGGINS: You have it right.

Mr. McCUBBIN: You handle much more butter than what is supplied by your different creameries?

Mr. WIGGINS: Oh, yes.

Mr. McCUBBIN: You buy a lot of butter?

Mr. WIGGINS: Oh, yes.

Mr. LESAGE: That is about one quarter??

Mr. McCUBBIN: Is that your answer?

Mr. WIGGINS: Roughly, we produce one quarter of our requirements, we have shipped to us by other creameries 50 per cent of our requirements, and we buy in the open market in carlots the other 25 per cent.

Mr. McCUBBIN: Yesterday Mr. McLean told the committee that you had made large profits over the last few months. Do you admit that?

Mr. WIGGINS: Yes.

Mr. McCUBBIN: If I were to suggest to you that a lot of private creamery operators, similar to Canada Packers, distributed those profits that they made to their patrons—does Canada Packers distribute some of the profit they have made to the patrons of their 15 creameries?

Mr. WIGGINS: No. The answer to that was given I think by Mr. McLean yesterday when he said that this present price level will inevitably bring about a drop in prices in which case we will take a loss.

Mr. McCUBBIN: Yes. That is very well, but I do suggest to you that I could name you a number of creameries privately-owned, not co-operatives, who have distributed some of these profits to their patrons, and I was wondering if Canada Packers had thought of doing anything like that or if they had ever done anything like that?

Mr. WIGGINS: We have never done anything like that.

Mr. MACINNIS: He did not say that they had never thought of it, he said they had never done it.

Mr. McCUBBIN: He said they had done it anyway.

The CHAIRMAN: Are there any other questions?

Mr. IRVINE: I have one more question, Mr. Chairman. I will not spend much time on it but I brought it up yesterday. I have been going over the profits and losses as shown on pages 2, 9, and 16; I have added all these together and all the profits together; and then I come to this conclusion; that if the company had not been charging 6 per cent on its capital, the 6 per cent interest on its capital, but only taking one fee for capital ultimately, that most if not all of these losses

would have been turned into a profit. Now, sir, I find in that a dual purpose cow here. This is the first time that I have heard of a dual purpose cow being milked by an accountant to show a profit or a loss as desired. I think that if it had not been for this 6 per cent interest rate charged, as I said, that many of these losses would have been profits. I would like the witness to comment on that because that would affect the price of butter if a loss is shown because of the 6 per cent interest charge, whereas if that had not been charged there would have been a profit instead of a loss.

The CHAIRMAN: Would either of you gentlemen care to comment on that?

Mr. CHILD: I can only repeat what Mr. McLean said yesterday, that we charged our creamery and other units 6 per cent interest on capital employed in their particular branch of the business.

Mr. PINARD: Would you care to comment, if your company had not taken a large profit would the retailer have taken it during the last few months?

Mr. CHILD: I do not wish to comment on that. I will just let Mr. McLean's statement stand.

Mr. PINARD: What is your opinion on that, we would like to have that.

Mr. CHILD: I have no opinion on it.

Mr. MACINNIS: You borrow from the banks, don't you? I think Mr. McLean said that yesterday?

Mr. CHILD: Yes, we do.

Mr. MACINNIS: What interest do you pay the banks?

Mr. CHILD: $4\frac{1}{2}$ per cent.

Mr. MACINNIS: Is that the same interest you charge your branches?

Mr. CHILD: No, 6 per cent.

Mr. MACINNIS: So you are making a profit on the money you borrow from the bank?

Mr. CHILD: Only as far as departmental accounting is concerned. It is all washed out. It is not very big.

Mr. FLEMING: It all comes out in the wash, the same as anything else; in your annual statement?

Mr. CHILD: Yes.

The CHAIRMAN: Are there any other questions?

Mr. MONET: I have just one other question to ask on prices and then I will drop it. Would it be a fair statement of the evidence by Mr. McLean and yourself on prices to state as follows: That for the last eleven months of your present fiscal year you have sold 22,900,000 pounds of butter at an average of 3.04 cents net a pound?

Mr. CHILD: Yes.

Mr. MONET: Would it also be right to say that for all but 10,000,000 of this 22,900,000 pounds sold between December 4, 1947, and February 25, 1948, the average net profit was 5.5 cents?

Mr. CHILD: Where did you take that, Mr. Monet?

Mr. MONET: From the questionnaire which I made this morning and which you agreed on.

Mr. CHILD: Oh, yes; I should think that is right. I haven't worked it out but it looks about right.

Mr. MONET: You were questioned on that this morning and you agreed that those figures were correct?

Mr. CHILD: Those are correct; the average on all of that would be 5.5.

Mr. MONET: 5.5?

Mr. CHILD: That looks about right.

Mr. MONET: That would be for 10,000,000 pounds out of the 22,000,000?

Mr. CHILD: Oh, wait a minute; the 5·5 covers the whole of it.

Mr. MONET: The period from December 4 to February 25?

Mr. CHILD: Mr. Lesage, you and I worked that out; did not I agree with you?

Mr. LESAGE: Yes.

Mr. MONET: 22,000,000 divided by 4 gives 5·05—

Mr. LESAGE: It is 10,000,000 pounds anyway.

Mr. CHILD: That is correct.

Mr. MONET: Then for the butter that you had in storage from June 5 to October 15, that was sold between November 12 and February 25, that is 4,500,000, and you sold that at 11·21?

Mr. CHILD: That is right, on the storage portion only.

Mr. MONET: The storage portion only?

Mr. CHILD: Yes.

Mr. MONET: And you sold what you still had on hand on February 25 of that stored butter which averaged 53·91 cents—23,223 boxes?

Mr. CHILD: That is right.

Mr. MONET: I have no more questions, Mr. Chairman, with regard to the price of butter.

Mr. PINARD: I am still interested in a breakdown of the expenses for this one item of creamery production. We have here the table of expenses. I am not questioning that, but they appear very high. I would have thought we could have had a breakdown. I know it means a lot of work.

The CHAIRMAN: If the committee thinks we should have that, let's get it.

Mr. CHILD: I can give it to you by fiscal years from 1939 to 1947, for the plants.

Mr. PINARD: That would give us an idea anyway.

Mr. LESAGE: You could give it for the first eleven months of the present calendar year, that is what you said about an hour ago.

Mr. CHILD: I had it made out exactly that way. I have it for the creameries in that way.

Mr. LESAGE: Only for the creameries?

Mr. CHILD: For the plants I could give it to you for the calendar years 1946 and 1947, and I could give it to you for the fiscal years from 1939 to 1947.

Mr. PINARD: That would be enough.

Mr. CHILD: Do you want me to read them off or will I just give it to you?

Mr. PINARD: I would like the witness to file it.

The CHAIRMAN: Yes. Are there any other questions?

Mr. MONET: I would like to ask another question. I will ask Mr. Child to give this as quickly as possible. He told me this morning that he would like to make a statement on this as to the movement of butter stocks during the years 1946 and 1947. This information was asked by counsel from the company and I think it should be brought out in evidence. If you look at page 15, I think it is page 15, Mr. Child; have you a statement to make as to the movement of butter for the period 1946 to 1947 comparatively?

Mr. CHILD: I should just like to call your attention to column 5, sales during the period, just to show you that the same relative movement is true in 1947 as it is in 1946. For instance, starting with the 14th of August, 1947, we moved 1,662,000 pounds. In the previous year, 1,532,000 pounds. Now, in the next

period of 1947, 2,014,000 pounds; and in the previous year, 2,352,000 pounds, and so on. I just want to mention that to show that we moved out our stocks of butter in an orderly fashion and we moved it out this year, the year we are now in, just the same as we did in the previous year.

Mr. LESAGE: You have larger stocks of butter.

Mr. CHILD: The figures are given right there, Mr. Lesage.

Mr. LESAGE: That is what I mean.

Mr. CHILD: And you will notice also that the movement is larger.

Mr. LESAGE: Yes.

Mr. JOHNSTON: Except in December of 1947, you moved a larger amount?

Mr. CHILD: We moved out even more when the price was still going up.

Mr. LESAGE: The amount of butter that you put in in the months of July, August and September of 1947, is about 25 per cent higher or greater than usual. How do you account for that?

Mr. CHILD: I suppose that is due to higher production.

Mr. LESAGE: It may be due to higher production or to larger volume of buying by your company.

Mr. CHILD: Yes.

Mr. WIGGINS: The figures given there are ending periods of four weeks, so it is possible that from the 22nd of May through to August we did buy more butter.

Mr. LESAGE: Because your production by your creamery, pages 3 and 4, was lower in 1947 than it was in 1946?

Mr. WIGGINS: That is right. We did buy more butter.

Mr. LESAGE: You bought more butter for storage?

Mr. WIGGINS: We bought more butter.

Mr. CHILD: Or for sale.

Mr. LESAGE: Or for sale, so that at all times in 1947 you had more butter than for the same period in 1946 in the fall?

Mr. WIGGINS: Because of the heavier production.

Mr. LESAGE: Why did you buy more butter last year?

Mr. WIGGINS: If you will look at the chart at the back, at the accumulation of butter and the price trend, you will note that the price indicated the butter market required somebody to buy butter. If you will look at May, June and July. In other words, the butter market was away down.

Mr. LESAGE: I am not disputing that you know, Mr. Wiggins, because I would rather see a company who is in the business of buying butter buy it than to have it bought by the speculator.

Mr. WIGGINS: While we are looking at that chart I think I should perhaps call your attention to the fact that when the butter market was really advancing from the 1st of October we were reducing our stocks.

Mr. LESAGE: What did you say just now?

Mr. WIGGINS: From the beginning of October.

Mr. LESAGE: Yes.

Mr. WIGGINS: The price showed a very sharp advance and our stocks were being reduced.

Mr. LESAGE: Oh, yes, you did not store butter after October?

Mr. WIGGINS: No, but our butter was no part of that advance in the west.

Mr. LESAGE: No, of course not.

Mr. FLEMING: This is sales you are speaking of?

Mr. WIGGINS: Yes.

Mr. FLEMING: The question of sales relates to the principle involved. I just wanted to ask a question or two there. As I understand it what you have said in effect is that your company's policy has been to maintain the value of your product by handling the butter, keeping it at a fairly constant level; and do I understand that these variations in the price of butter, the sharp rise in the price of butter late in 1947, did not have any affect on that policy?

Mr. WIGGINS: That is correct.

Mr. FLEMING: And your policy in previous years was not to have any carry-over of butter from year to year? You are pretty well cleared out of butter at the end of the storage season?

The WIGGINS: That is right.

Mr. LESAGE: Nobody questions that it would not be good business to carry butter over from one year to the other.

Mr. PINARD: Are you holding butter for other persons or companies during the same period of operation as that in which you buy butter for your own account?

Mr. WIGGINS: That is one thing that has not been discussed yet. We do throughout the producing season and all through the fall of the year sell butter to customers and hold the butter for them for their demands from week to week. We supply the facilities for storing and financing the butter and we sell it to them for future delivery, and they give us orders to ship it out from week to week as they need it.

Mr. PINARD: Are they engaged in the butter trade?

Mr. WIGGINS: They are our customers; what I mean by customer—retailers, hospitals, etc.

Mr. PINARD: Do you know if there are any speculators who use your storage facilities to store their butter in?

Mr. WIGGINS: We do not sell our own butter to speculators. We have butter placed in storage for public storage. We do not know who it is sold to. We know who put it in there but we do not know who it was sold to. So I cannot say whether that is held for the speculator or not. The only butter we have, to which I referred, we hold for individual customers from year to year. We try to supply them.

Mr. PINARD: And you purchase that butter yourselves and hold it until they take delivery?

Mr. WIGGINS: Yes, we do.

Mr. PINARD: Do you purchase it for them?

Mr. WIGGINS: We did make purchases of that butter for some individuals.

The CHAIRMAN: You would know the quantities of butter stored by other people, would you not?

Mr. WIGGINS: Our storage manager would. I would not.

Mr. PINARD: Have you any idea as to what volume it would represent in relation to the total butter stored in your refrigerators?

Mr. CHILD: We reported those stocks to your committee.

Mr. WIGGINS: I do not know that figure.

Mr. CHILD: We reported the names and the amounts to your committee.

Mr. MONET: We have the names as reported by Canada Packers, Mr. Pinard, the names of the people who have butter stored in their storage warehouses.

Mr. PINARD: Have you also been able to secure the date of purchase and on which it was taken out again? Did you get the quantities?

Mr. MONET: No, we have not the quantities but we have written to all these people and are receiving answers every day from those people. We sent letters out to about a thousand people and we are getting anywhere from 20 to 30 replies every day. We are getting information on that point from people all over Canada.

Mr. PINARD: Would you tell us if the number of people using your storage facilities has increased in the last 16 months, for instance?

Mr. WIGGINS: I am sorry, I haven't that information. I have no detailed information on our storage.

Mr. CHILD: I can answer that. We have already given the information to Mr. Monet, I think for the years 1947 and 1946, showing the number of pounds stored and the person who stored it. I think that would answer your question.

Mr. MONET: Yes, we have that.

Mr. PINARD: One last question. You say you often purchase butter yourselves and store it in your premises for other people, do you also sell that butter occasionally?

Mr. WIGGINS: Yes, we do. I will give you an illustration. In Montreal we sell butter in the summer and fall to some country creameries who wish to have an assured supply for their own business during the winter.

Mr. PINARD: And these creameries are only using your premises to store their own butter, and such creameries purchase in quantities which are credited to their accounts?

Mr. WIGGINS: That is right, and they take it out as they want it.

Mr. MAYBANK: Do you have any knowledge of the proportion of buying and selling that is done by speculators?

Mr. WIGGINS: I haven't any specific knowledge on that. I speak only from observation, sir. But I will say this, that I think they are a very minor amount. Those fellows who used to get into the butter business have got some other places in which to speculate during the years when ceiling and controls were on and when there was no possibility of speculating and they did not get back into it this year to any extent. I will be frank with you. I could not name one.

Mr. MONET: Just this last question—page 15, column 7—on hand at the end of the period February 25, 2,135,644 pounds of butter?

Mr. CHILD: That is right.

Mr. MONET: That was all Canada Packers Limited had in their plant, in their storage plant, of the creamery butter?

Mr. CHILD: That is in the eight plants. We have the same figure for our creameries.

Mr. MONET: That was all the butter you had on hand, and that would last for what period approximately, that 2,135,000 pounds?

Mr. WIGGINS: Production is quite limited at the moment but we hope to be able to stretch that amount of butter out to carry us until the 12th or 15th of April.

Mr. MONET: Then production will be more active?

Mr. WIGGINS: Year in and year out production catches up to consumption some time around the 20th of April.

Mr. MONET: That is all, Mr. Chairman.

Mr. MACINNIS: Just one question, Mr. Wiggins: I think in answer to a question by Mr. Lesage you gave as the reason for the large stocks of butter in the middle and latter part of 1947, that butter was required as capital. In view

of the fact that you, a little earlier, had said that the butter market was very competitive you were not in a position to show a profit on these purchases.

Mr. WIGGINS: At that season of the year the butter market was steady to weak, and when the butter market is weak it is an indication that there is not enough capital left to take of it, or not enough people willing to spend frequently.

Mr. MACINNIS: But at the same time were you procuring it?

Mr. WIGGINS: No.

Mr. MACINNIS: Not at that period?

Mr. WIGGINS: Not in the October period, but towards the end of July, yes. But not in May and June.

Mr. MACINNIS: But all of these are after July, July and after?

Mr. WIGGINS: No.

Mr. MACINNIS: Well, I am sorry.

Mr. WIGGINS: What page are you on?

Mr. MACINNIS: On page 15, on hand at the end of the period 1947—take July—take May, you have 1,146,987; June, 2,468,606; July, 4,861,943; August, 7,378,398; September, 8,682,730—and October and November still higher than that. So that you are again in what you call a weak market; your prices were going up and your supplies were accumulating.

Mr. WIGGINS: Those amounts that you have just mentioned are amounts accumulated during the period up to that point. That means we started to buy or to increase our stocks of butter late in May.

Mr. MACINNIS: Yes.

Mr. WIGGINS: By the 17th of July we had 4,800,000 pounds and by the 15th—the chart shows the trend.

Mr. MACINNIS: Let us stay on this page for a moment. But in May the price went up progressively from 41·45 cents a pound to 65·59 cents a pound in December.

Mr. WIGGINS: The first instance was the lifting of the subsidy or the ceiling. It started then at 48·79.

Mr. MACINNIS: Oh, yes, 48·79, and then it went up each month during this period and pretty well until you get to December 31.

Mr. WIGGINS: The first 7,378,000 pounds was accumulated I should say at an average of just under 50 cents—48 cents, 49 cents, 50·05 cents and 50·5 cents.

Mr. MACINNIS: You get the average—oh, yes.

Mr. WIGGINS: That is there.

Mr. MACINNIS: That 51·12 would be the average?

Mr. WIGGINS: The next column, sir; the one just to the left of that. You are looking at the selling price instead of the cost.

Mr. MACINNIS: I am looking at the cost, 51·12 cents.

Mr. CHILD: That is for the whole year.

Mr. WIGGINS: Look opposite 14 odd, in the third column from the right.

Mr. MACINNIS: Yes.

Mr. WIGGINS: We had at that time accumulated 7,378,000 pounds of butter over the full period.

Mr. MACINNIS: Yes.

Mr. WIGGINS: Yes, the price was 50·05 cents.

Mr. MACINNIS: That was in July, wasn't it? That is obviously the July figure.

Mr. WIGGINS: 50·56 odd.

Mr. MACINNIS: Yes, 50·56.

Mr. WIGGINS: My point was, sir, that accumulation was at a time when the market was relatively the same.

Mr. MACINNIS: Well, your highest point of accumulation was in November, November 6.

Mr. WIGGINS: I would only repeat that a large percentage of the butter was taken from the same low market; that 7,300,000, out of the total of 9,000,000 odd was taken before the market reached 50·56 basis. The last 1,180,000 pounds was accumulated over the period of 12 weeks during which time the market had advanced to 57 cents.

The CHAIRMAN: Mr. Maybank has something that he wants to put in the record from the Dominion Bureau of Statistics.

Mr. MAYBANK: It was said that figures were given at different times about creamery butter and dairy butter and that the D.B.S. could not be absolutely accurate as to amount but rather showed the trend. I asked Mr. King to look into that and to give the proper reason for any such unreliability and he has given me a memorandum on the subject which reads as follows:

Room 400, Elgin Bldg., Ottawa, March 17th, 1948. Memorandum to Mr. Maybank, re dairy butter production statistics.

The basic reason for the unreliability of statistics of dairy butter production is that they were based originally on figures contained in the 1931 Census. The total amounts reported for that year were collected, but no count was made of the number of farmers who produced dairy butter. It is not at all certain that farmers could be accurate as to the amount of dairy butter they produced in any one year.

Subsequent changes are based on reports from a small and varying sample of farmers, which is believed to show the trend of production reasonably well. The sample is too small however, to give an accurate idea of the changes in the total production of this type of butter.

D.B.S. is in the process of improving their reporting of dairy butter.

HENRY KING,

Secretariat, Special Committee on Prices.

I thought if that statement went on the record that it would condition one somewhat in receiving the daily butter figures. I do not know that dairy butter is important in the picture that we are looking into, but we have the figures and they are assessable with these qualifications.

The CHAIRMAN: Gentlemen, is that all of these witnesses?

Thank you, gentlemen.

Mr. PINARD: May I ask one question more before we finish with Canada Packers?

The CHAIRMAN: Yes.

Mr. PINARD: May I say, Mr. Chairman, that I would be very much interested in hearing the whole of the story in respect to storage operations. If we are to ascertain whether there has been hoarding by speculators the best way we could find out would be to get information from the storage department operated by this company.

Mr. FLEMING: We are going to get that in time. Mr. Monet has returns coming in to him on that subject and it will be coming before the committee in connection with the information asked for from storage warehouses.

Mr. PINARD: That is information which is coming in as a result of the questionnaire the committee sent out. I thought it would be better if we were to get information from the people who are operating one of these storage warehouses, that probably they could tell us who the principal holders of butter were and what quantities they held.

The CHAIRMAN: Perhaps counsel would say a word about that.

Mr. MONET: Canada Packers have given us a statement for 1946 and 1947, containing the names of people for whom they are holding butter. We do not have the quantity, but we have the names, and we have written to those people who were mentioned in the information supplied to us from this company.

Mr. PINARD: Among the questions you asked did you ask how long they had kept that butter in storage?

Mr. MONET: We asked them the quantity of butter and the people who had put that butter in storage with them.

Mr. PINARD: Then you do not know the length of time the butter was kept there, what they did with it, when they sold it, or details of that kind?

Mr. MONET: Canada Packers would not have sold it. They were holding it for some other account.

Mr. PINARD: But it was held by them.

Mr. MONET: It was sold by somebody else, and we have written to ask the holders to whom it was sold, and other information as well.

Mr. PINARD: I think the committee should have the benefit of direct evidence from these people who operate a storage department themselves.

Mr. IRVINE: Are you recommending, or moving, that we should call witnesses from storages?

Mr. PINARD: I think it might be easier if we heard from the officials in charge of cold storage operations and attempt to get as much information from them as we could.

Mr. IRVINE: I would support you if you care to move that.

Mr. MONET: They have given us the names of people who were storing butter with them.

Mr. IRVINE: Are you calling them?

Mr. MONET: I do not know if that would be practical, there are hundreds of them.

Mr. IRVINE: Is there some way of verifying this evidence as to what became of the butter, when it was stored, and so on?

Mr. MONET: Do you want to summon all these people?

The CHAIRMAN: One at a time now, gentlemen.

Mr. PINARD: It would not be possible to do that. The reason I am asking this question is that these people have cold storage facilities at six places, Toronto, Winnipeg, Montreal, Ottawa and Three Rivers and another point, and I thought that the proper official from their cold storage department could give us most of the information we want; he could at least give us a list of the butter holders and the dates when the butter went into storage, and the time it was taken out, and general information about butter holdings on private account there. We should know the date of removal of the butter and the quantities that were sold. We will then have much better information than is obtainable from the questionnaire.

The CHAIRMAN: The committee decided to send out the questionnaires a long time ago. The information contained in some of these questionnaires has been the basis on which this enquiry into butter has proceeded.

Mr. MONET: I can state this, that it was the request of the committee that such a questionnaire be sent. The questionnaire was sent to Canada Packers, as to everyone else. They supplied us with the names of all people for whom they were holding butter during the years 1946 and 1947. The same thing was done by practically every large firm. We have a list of twenty-eight of them. After we received these questionnaires, we wrote something like a thousand letters to all the people mentioned in these returns. We received information, for the years 1946 and 1947, on the quantity of butter they had stored for themselves, where it was stored, and so on. We are receiving these statements on an average of about twenty-five to thirty a day. Some of them represent just a few pounds and some of them are for amounts varying from 25 to 50,000 pounds. I have a list of about fifty names of those who had 25 or 30,000 pounds of butter in 1947, and who did not have any in 1946.

Mr. PINARD: The only information you requested was how much butter they were holding and where.

Mr. MONET: That is all we were requested to obtain.

Mr. PINARD: I think it would be simpler to call an official of the department and get all the information.

The CHAIRMAN: What do you say about that, Mr. Child.

Mr. CHILD: We have no one official in charge of our cold storages. There is a manager who is in charge of each cold storage. I suggest, if Mr. Monet would write to us we will get you any additional information you desire concerning storages. After that, if you wish someone to come here and explain it, it is your privilege to call someone.

Mr. MONET: Could you give us more information on that?

Mr. CHILD: I think so.

Mr. LESAGE: Could you give the quantities?

Mr. CHILD: I should think so.

Mr. PINARD: And the period of time it was held in storage.

The CHAIRMAN: What do you say about that?

Mr. MONET: If the committee wants it, we will get it. I do not know when we will reach the end of this enquiry; it may take months.

Mr. MAYBANK: I was going to say, in the light of the discussion we have had here this morning, it would seem to me that counsel might take up the suggestion as to further information being obtained and the means of obtaining it. It would, perhaps, result in a communication going to Canada Packers, but that would be better than trying to make a definite arrangement now as to who could be called back, and so on.

Mr. FLEMING: You can't decide this question now, as to who is going to be called. You can only make a sensible decision on a question like that when you have all the information received in the questionnaires collated. Then we know where we are.

The CHAIRMAN: Counsel has heard the discussion and the suggestion is made we can write at this stage. It would look as though that information might be important to a thorough enquiry into this particular matter. If we cannot get the complete information we desire from the questionnaire, we will have to get it in some other effective way. I suggest we leave it to counsel and he will deal with the matter and report to us.

The meeting is adjourned.

(SESSION 1947-48

HOUSE OF COMMONS

CAIXE
-48163
SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 29

MONDAY, MARCH 22, 1948

WITNESSES:

Mr. John Freeman, President, Lovell & Christmas (Canada) Limited,
Montreal, Que.

Mr. Gordon McLean, Secretary-Treasurer, Lovell & Christmas (Canada)
Limited, Montreal, Que.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY

1948



MINUTES OF PROCEEDINGS

MONDAY, March 22, 1948.

The Special Committee on Prices met at 11.00 a.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Fleming, Homuth, Irvine, Johnston, Lesage, MacInnis, Martin, Maybank, McCubbin, Merritt, Winters.

Mr. Fabio Monet, K.C., Counsel to the Committee, in attendance.

At the request of Counsel it was ordered that the following corrections be made in the printed record:

Page 1177, lines 1, 3 and 11, for the figure 219,000,000 substitute 2.9 million; and in line 2, for the word "month" substitute "months".

Mr. John Freeman, President, and Mr. Gordon McLean, Secretary-Treasurer, Lovell & Christmas (Canada) Limited, Montreal, were called, sworn and examined. Mr. Freeman filed,

Exhibit No. 61—Series of six statements on butter operations—Lovell & Christmas (Canada) Limited. (*Printed in this day's Minutes of Evidence*).

Exhibit No. 62—Summary of Butter contracts cleared through the Canadian Commodity Clearing Association Inc., during the year 1947—Lovell & Christmas (Canada) Limited. (*Printed in this day's Minutes of Evidence*).

In the absence of Mr. Johnston, Mr. Low, M.P., was granted leave to question the witnesses.

At 1.00 p.m. witnesses retired and the Committee adjourned until 4.00 p.m. this day.

AFTERNOON SITTING

The Committee resumed at 4.00 p.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Beaudry, Fleming, Homuth, Irvine, Johnston, Lesage, MacInnis, Martin, McCubbin, Merritt, Winters.

Mr. Fabio Monet, K.C., Counsel to the Committee, in attendance.

Mr. Freeman and Mr. McLean were recalled and further examined. Mr. McLean filed,

Exhibit No. 63—Comparative statement of profit on butter sales as between period of April 1, 1946 to March 31, 1947, and that of April 1, 1947 to March 31, 1948. (*Printed in this day's Minutes of Evidence*).

During the proceedings, Mr. Homuth occupied the Chair for a while.

At 5.15 p.m. members were called in the House for a division and the Committee took recess for twenty minutes.

At 6.10 p.m. witnesses retired and the Committee adjourned until Tuesday, March 23, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

March 22, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Chairman, Hon. Paul Martin, presided.

The CHAIRMAN: The meeting will please come to order.

Mr. MONET: Before I call the first witness, Mr. Chairman, there are a few corrections to be made on page 1177 of the evidence. In the first line, there is mention of an increase of 219,000,000 pounds. This should read 2·9 million pounds. In the second line, the word "month" should read "months". Then, on the third line, there is the same correction, the 219,000,000 pounds should be 2·9 million, and there is the same correction to be made on line eleven.

The first witness I wish to call this morning, Mr. Chairman, is John Freeman from Lovell & Christmas.

John Freeman, President, Lovell & Christmas (Canada) Limited, called and sworn.

By Mr. Monet:

Q. Mr. Freeman, would you give us your full name, please?—A. John Freeman.

Q. What firm are you representing?—A. Lovell & Christmas (Canada) Limited.

Q. Where is the head office situated?—A. 160 King Street, Montreal.

Q. When was Lovell & Christmas incorporated, Mr. Freeman?—A. In the year 1920.

Q. Would you give us the date?—A. May 19.

Q. Now, is Lovell & Christmas affiliated with any other company?—A. Lovell & Christmas (Canada) Limited, is a subsidiary of Lovell & Christmas Limited, London, England.

Q. Do you own any warehouses?—A. Yes, we own two warehouses.

Q. Where would they be situated?—A. One on King Street, Montreal, and the other on Queen Street, Montreal. The warehouses are back to back and inter-communicating.

Q. Now, does your company deal only in butter or in any other commodity?—A. Our company deals in other commodities.

Q. What are the others?—A. We deal in cheese and we also operate our own cold storage warehouses.

Q. You mean to say you have your own cold storage?—A. That is right.

Q. For all the purposes of your business?—A. For all the purposes of our business.

Q. Do you have to rent any other accommodation for the purpose of carrying on your business?—A. At times; at times, we use public cold storages.

Q. Would you describe, for the benefit of the members of the committee, the nature of your operations?—A. The nature of our operations is that we buy

and sell butter and cheese. We operate these cold storages, primarily for the storage of our own product, but we are also known as a semi-public cold storage; that is, we also store for others when we can conveniently do so.

By Mr. Maybank:

Q. May I interject a question at this point? Is that public cold storage only for those two products or is it general?—A. We store other products to a lesser degree. For instance, sometimes we store meat, maybe poultry and sometimes eggs in one form or another.

By Mr. Winters:

Q. But not your own?—A. No.

Q. You store them for other people?—A. That is right.

By Mr. Maybank:

Q. That is on the public side?—A. Yes.

By Mr. Monet:

Q. Would you keep on describing the nature of your operations?—A. I think that describes them, in a general way.

Q. I understand you store all your own butter in your own warehouses and you also store butter for other people, is that correct?—A. That is right.

Q. Would you tell the members of the committee what it costs per month to hold your butter in storage?—A. One-half cent per pound per month.

Q. What does it cost per month to hold butter in public storage when you have to rent some accommodation?—A. The same.

Q. A $\frac{1}{2}$ cent a pound?—A. A $\frac{1}{2}$ cent a pound. The rate is 14 cents per 56 pounds for the first month, and 11 cents per box, monthly, thereafter.

Q. Can you give the members of the committee the proportion of your own butter you store in public storage?

By Mr. Winters:

Q. The witness said that was the rate; is that the charge you make to customers?—A. That is the charge we make to the customers and that is the charge we pay when we are the customer.

By Mr. Monet:

Q. Now, Mr. Freeman, you were asked to supply some information to the members of the committee by way of a questionnaire. I am now showing you a questionnaire which has been filled in by your company and which is going to be filed as exhibit 61. Would you look at this questionnaire, as prepared by you and say whether you take it as being the questionnaire prepared and answered by your company?—A. I would say that is exact.

EXHIBIT No. 61: Reply to questionnaire by Lovell & Christmas (Canada) Limited.

Statement 1

EXHIBIT 61

LOVELL & CHRISTMAS (CANADA) LIMITED

GENERAL INFORMATION

Address of Company—160 King Street, Montreal, Que.

Incorporated—19th May, 1920, taking over a predecessor business established towards the close of the 19th century.

Subsidiary Companies—None.

Creameries—None.

Retail Outlets—None.

Warehouses—152-160 King Street, Montreal; 271-275 Queen Street Montreal.

Index to Statements

Statement No.

1. General information.
2. Profit and loss on butter operations for the fiscal years ended 31st March, 1939 to 1947, inclusive and for the 11 months ended 28th February, 1948.
3. Monthly profit and loss for each of the eleven months ended 28th February, 1948.
4. Quantities and value of butter by months during 1946, 1947 and 1948.
5. Quantities and value of butter by months during 1943 and 1944.
6. Quantities and value of butter by months during 1939 and 1940.

LOVELL & CHRISTMAS (CANADA) LIMITED

Profit and Loss on Butter Operations for Fiscal Years ended 31st March 1939 to 1947 inclusive, and for the 11 months ended, 28th February 1948

Statement 2.

Year ended 31st March	Sales		Cost of sales		Gross profit		Direct expenses		Profit before administration and selling expenses		Administration and selling expenses		Net departmental profit before taxes on income	
	\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.
1939.....	856,750	95	851,917	94	4,833	01	3,295	08	1,537	93	20,951	52	19,413	59
1940.....	1,156,209	71	1,098,644	75	57,564	96	7,471	30	50,093	66	30,087	40	20,006	26
1941.....	1,326,246	80	1,263,213	82	63,032	98	6,541	07	56,491	91	28,923	89	27,568	02
1942.....	1,465,655	71	1,405,549	22	60,106	49	7,921	97	52,184	52	30,680	79	21,503	73
1943.....	908,711	72	866,749	33	41,962	39	10,688	44	31,273	95	23,960	23	5,313	72
1944.....	1,178,342	00	1,155,497	05	23,844	95	7,988	99	15,855	96	23,974	65	*8,118	69
1945.....	925,706	85	911,288	55	14,418	30	3,701	75	10,716	55	18,992	41	*8,275	86
1946.....	964,519	57	930,618	16	29,901	41	7,581	26	22,320	15	22,891	92	*571	77
1947.....	993,252	47	980,518	06	12,734	41	4,347	41	8,387	00	19,303	52	*10,916	52
11 months ended 28 Feb. 1948.....	2,729,078	12	2,564,345	25	164,732	87	15,888	33	148,844	54	34,910	12	113,934	42

* Loss.

Direct expenses represent the following charges:—

Labour.
Cartage.
Weighing.
Butter Boxes, Wrappers, etc.
Coopering Supplies and Wire.
Cold Storage Expenses on Stock.
Sundries.
Depreciation on Machinery.
Insurance on Merchandise.

Administration and selling expenses represent the following charges:—

Executive and Office Salaries: Communication; Depreciation on Furniture:
Office Expenses, Maintenance and Sundries: Travelling Expenses:
Subscriptions and Memberships: Donations, Charity:
Taxes—Municipal, Provincial, Federal: Workmen's Compensation:
Unemployment Insurance: Salary Savings Insurance, Employees:
Public Liability Insurance: Exchange and Bank Charges: Legal Fees and Expenses:
Excise Stamps: Interest: Bad and Doubtful Debts: Loss on Investments:
Auditing Fees: Directors Fees.

LOWELL & CHRISTMAS (CANADA) LIMITED

Profit and loss on butter operations for each of the eleven months ended 28th February 1948.

Statement 3.

Month	Sales	Cost of Sales		Gross profit		Direct Expenses		Profit before deducting administration and selling expenses		Administration and selling expenses		Net departmental profit before taxes on income	
		\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.	Amount	per lb.
April 1947	70,919 36	70,367	76	651	60	288	47	353	13	2,000	40	1,647	27
May 1947	7,488 59	7,339	81	148	78	240	34	*91	56	1,586	73	*1,678	29
June 1947	234,020 04	231,150	79	2,870	15	843	40	2,026	75	2,608	14	*581	39
July 1947	123,699 43	121,832	99	1,866	44	1,845	31	21	13	3,931	17	*3,910	04
August 1947	327,315 08	302,596	35	24,719	33	2,195	07	22,524	26	3,082	39	19,441	87
September 1947	253,189 58	231,423	96	21,765	62	2,228	84	19,536	78	4,371	71	14,565	07
October 1947	249,527 52	237,937	32	11,590	20	2,097	87	9,492	33	4,987	28	5,105	05
November 1947	434,790 31	394,284	82	40,505	49	2,152	03	38,353	46	4,166	74	34,186	72
December 1947	373,052 88	336,617	35	36,435	53	1,473	43	34,962	10	2,741	37	32,220	73
January 1948	318,319 98	301,884	41	16,435	57	1,491	44	14,944	13	3,292	33	11,651	80
February 1948	336,753 85	329,009	69	7,744	16	1,022	13	6,722	03	2,141	86	4,580	17
Total	2,729,078 12	2,564,345 25		164,732 87		15,888 33		148,844 54		34,910 12		113,934 42	
													1-890

* Loss.

LOVELL & CHRISTMAS (CANADA) LIMITED
QUANTITIES AND VALUE OF BUTTER—BY MONTHS

160 King Street, Montreal, Quebec. Statement 4.

	Quantities of Butter—Lbs.				Dollar Value		Average per lb.		
	On hand at beginning of month	Purchases during month	Sales during month	On hand at end of month	Purchases during month	Sales during month	Cost of purchases	Selling Price	Margin between cost and selling price
1946									
January.....	\$ 70,847	\$ 170,688	\$ 219,231	\$ 22,304	\$ 62,298	\$ 80,957	cts. 36-928	cts. 36-928	cts. 0-430
February.....	22,304	10,186	12,118	10,186	.....	4,592	27,901	27,901	1-336
March.....	8,657	11,200	12,729	8,657	4,088	4,817	37-844	37-844	0-989
April.....	10,186	14,672	20,667	8,657	5,866	8,467	36-508	36-508	0-592
May.....	2,662	194,656	164,838	32,480	75,193	64,617	39-983	39-983	0-234
June.....	32,480	584,416	384,619	282,277	222,615	147,412	38-608	38-325	10-107
July.....	232,277	368,424	256,616	344,085	146,022	101,433	38-091	39-527	0-403
August.....	344,085	377,608	638,223	83,460	150,835	257,516	39-634	40-932	0-506
September.....	83,460	760,536	565,951	278,045	307,459	231,655	39-945	40-426	0-131
October.....	278,045	165,760	232,997	190,808	67,259	102,987	40-576	40-707	0-715
November.....	190,808	2,744	41,590	151,962	1,097	16,933	40-000	40-715	0-231
December.....	151,962	100,408	131,859	119,856	40,634	53,667	40-469	40-700	0-429
	70,847	2,751,712	2,701,448	119,856	1,083,226	1,075,053	39-366	39-795	
1947									
January.....	119,856	.....	6,143	113,713	.....	2,612	42-642	42-642	.....
February.....	113,713	.....	9,996	103,717	.....	3,914	39-155	39-155	.....
March.....	103,717	.....	4,834	98,883	.....	2,034	42-076	42-076	.....
April.....	89,883	.....	146,629	10,214	.....	70,919	48-366	48-366	10-407
May.....	10,214	57,960	16,052	275,842	136,940	7,488	*48-413	48-648	11-967
June.....	275,842	973,672	467,215	782,299	485,780	234,020	48-615	50-088	0-197
July.....	782,299	892,416	372,199	1,302,516	452,995	195,038	49-801	52-401	1-641
August.....	1,302,516	643,564	743,008	1,203,172	347,582	415,813	50-760	55-963	1-963
September.....	743,008	733,208	541,143	1,395,237	437,466	320,647	54-000	59-253	10-411
October.....	1,203,172	787,416	852,083	1,330,570	451,533	499,499	59-664	58-620	1-277
November.....	1,395,237	476,000	955,614	850,956	297,291	584,084	62-456	61-121	11-335
December.....	1,850,956	601,720	900,558	552,118	399,027	572,957	66-314	63-622	+2-692
	119,856	5,447,736	5,015,474	552,118	3,031,747	2,909,025	55-742	58-001	2-349
1948									
January.....	552,118	567,728	475,042	644,804	376,205	320,212	66-265	67-407	1-142
February.....	644,804	239,176	557,206	326,774	158,506	367,105	66-271	65-883	10-388
	552,118	806,904	1,032,248	326,774	534,711	687,317	66-267	66-584	0-317

LOVELL & CHRISTMAS (CANADA) LIMITED

QUANTITIES AND VALUE OF BUTTER—BY MONTHS

160 King Street, Montreal, Quebec. Statement 6.

	Quantities of Butter—Lbs.				Dollar Value		Average per lb.		Margin between cost and selling price
	On hand at beginning of month	Purchases during month	Sales during month	On hand at end of month	Purchases during month	Sales during month	Cost of purchases	Selling Price	
	\$	\$	\$	\$	\$	\$	cts.	cts.	cts.
1939									
January.....	1,227,598	564,437	473,934	1,318,101	113,969	101,031	20,191	21,317	0-126
February.....	1,318,101	744,831	833,107	1,229,825	190,580	218,879	25,587	26,272	0-685
March.....	1,229,825	359,410	233,265	1,355,970	103,002	64,681	28,039	27,703	0-956
April.....	1,355,970	55,756	230,565	1,181,161	16,974	64,889	30,443	28,146	†2-297
May.....	1,181,161	39,961	165,183	1,055,939	13,938	43,822	34,879	26,529	†8-350
June.....									
July.....									
August.....									
September.....									
October.....									
November.....									
December.....									
1940									
January.....	1,055,939	153,792	259,027	950,704	40,894	69,628	26,590	26,880	0-290
February.....	1,950,704	159,463	740,630	369,537	38,957	194,745	24,430	26,294	1-864
March.....	369,537	151,631	403,875	117,293	42,067	108,340	27,743	26,825	†0-918
April.....	117,293	19,752	113,146	23,899	6,057	29,537	30,669	26,105	†4-564
May.....	23,899	281,443	122,018	183,324	64,406	28,852	22,949	23,646	0-697
June.....	183,324	919,054	156,087	946,291	209,089	35,312	22,750	22,623	†0-127
July.....	1,229,245	883,401	600,447	1,229,245	196,354	135,175	22,227	22,512	0-285
August.....	1,229,245	211,847	500,583	940,509	47,636	110,508	22,486	22,076	†0-237
September.....	1,072,780	563,422	456,294	1,072,780	132,802	104,037	22,563	22,800	†0-410
October.....	1,072,780	185,293	663,756	972,446	149,674	183,289	26,565	27,614	†0-567
November.....	594,125	611,385	590,421	575,089	207,341	175,593	33,913	32,023	†1-890
December.....									
	1,055,939	4,729,048	5,209,898	575,089	1,190,230	1,364,088	25,168	26,183	1-015

† Excess of cost over selling price.

By Mr. Monet:

Q. Before coming to the questionnaire Mr. Freeman, I should like you to tell the members of the committee what, in your opinion, were the causes of the price increases in butter following decontrol last June?—A. Do I answer your question from the questionnaire?

Q. Do not deal with the questionnaire now. I should like you to give the members of the committee your opinion as to the causes of the price increase in butter from June last after decontrol?—A. The two main reasons, in my opinion, were the continued heavier consumption than the previous year and the reduced production during the second half of the season.

Q. Would there be any other factors, in your opinion, than those two?—A. You are talking from the beginning of the season?

Q. I am talking from after decontrol?—A. After June 9?

Q. Yes.—A. I would say those were the two main factors.

Q. In your opinion, do you believe that such increases as there were were justified?—A. I believe they were amply justified.

The CHAIRMAN: You are talking of June, now?

Mr. MONET: I am talking of June onwards.

By The Chairman:

Q. From what period do you say the justification relates?—A. Well, Mr. Monet—I am sorry, Mr. Chairman, Mr. Monet said from the period commencing with decontrol, as I understood it.

Q. Up until when?—A. Up until the present time.

By Mr. Monet:

Q. You have not exhibit 52, but if you will look at it and refer to the prices as tabled here, Mr. Freeman, can you give an explanation of the very substantial rise from July to August, when the rise was over 5 cents a pound?—A. That is when it first became evident that consumption was running far ahead of the previous year.

Q. Do you mean to say that would be the only cause for this substantial increase in price?—A. Yes, at that time.

Q. I notice from August to September, looking at Exhibit 52, there was another very substantial increase of about 4 cents a pound? What would be the justification for this substantial increase, if there is any justification?—A. Further evidence of heavy consumer demand.

Q. Have you got anything to say about the supply for that period?—A. From the period—this will refer to the last two questions

Q. Yes.—A. From the period from July 1 or, rather, for the month of July, the increase in consumption was 3,497,000 pounds; for the month of August, it was 4,421,859 pounds. As a result of this consumption, the stock about the first of September, the dominion stock, amounted to 66,940,000 pounds, compared to 68,542,972 pounds. In other words, for the first month, I think that is right, there was a decrease in the stock as compared to the previous year.

Mr. LESAGE: Pardon me, Mr. Monet, what is the source of those figures?

The WITNESS: Dominion Bureau of Statistics.

Mr. MONET: Exhibit 52.

Mr. LESAGE: I am looking at table 3 of that exhibit and the figures shown are not the same.

Mr. MONET: What table are you looking at?

Mr. LESAGE: Table 3.

Mr. MONET: We have the D.B.S. figures in table 6. From where did you take those figures?

The WITNESS: From the Dominion Bureau of Statistics.

The CHAIRMAN: The document from which you are reading is not the same as the one we have.

The WITNESS: This is my own record.

By Mr. Monet:

Q. From where did you get the figures your are reading, contained in your own record?—A. From the Dominion Bureau of Statistics.

Mr. LESAGE: If you look at table 3, you will see there is a difference from the figures as given by Mr. Freeman.

The WITNESS: Are you using the revised figures?

Mr. LESAGE: I do not know. It is headed, "Dominion Bureau of Statistics, Butter Statistics, 1939-1948".

The WITNESS: We are using the revised figures.

Mr. MONET: The difference may come from the fact that in table 3, the D.B.S. figures include creamery butter, dairy butter and whey butter. Are your figures just for creamery butter?

The WITNESS: Yes.

Mr. MONET: That explains the difference.

Mr. LESAGE: Oh, probably.

By Mr. Monet:

Q. Would you tell the members of the committee, Mr. Freeman, if, from June, 1947, to September, 1947, the commodity exchange was operating?—A. Yes, sir, it was.

Q. Was it before June, 1947?—A. On spot transactions, it was but on future transactions, it was not.

Q. Would it be correct to suggest that the commodity exchange started operating on futures on June 17, 1947?—A. That is right.

Q. Could that also have been a cause for the rise in prices, Mr. Freeman?—A. In my opinion, no.

Q. We will come back later to the commodity exchange. Would you tell the members of the committee who did, in your opinion, benefit mostly from these rising prices you have just described from June, 1947, to January, 1948? Would it be the producer, the manufacturer, the wholesaler, the jobber or the retailer? I should like you to give the members of the committee your opinion as to that. Pardon me, if your neighbour also wishes to be sworn, it is his privilege. He can answer the questions you cannot answer if he wants to be sworn?—A. Is the way we are proceeding satisfactory also?

Mr. MONET: I think it might be better if he were sworn because Mr. Freeman is asking him quite a few questions.

Mr. McLEAN: We would just as soon Mr. Freeman proceed to give the evidence and if there is a point upon which he cannot give an answer, then I might attempt to do so.

The CHAIRMAN: You had better be sworn if you propose to offer any evidence.

Gordon McLean, Secretary Treasurer, Lovell & Christmas (Canada) Limited, called and sworn.

Mr. MONET: What is your name?

Mr. McLEAN: Mr. McLean.

Mr. MONET: What is your first name?

Mr. McLEAN: Gordon McLean.

Mr. MONET: What is your address?

Mr. McLEAN: 3454 Stanley Street, Montreal.

Mr. MONET: What is your occupation?

Mr. McLEAN: I am an active director of Lovell and Christmas.

The CHAIRMAN: I am sure the committee will agree to the same procedure as obtained with regard to the former witnesses, namely, that counsel will be permitted to carry out his line of questioning and then, after he is finished, the members of the committee may ask whatever questions they desire.

Mr. McCUBBIN: What position does Mr. McLean hold in this company?

Mr. McLEAN: I am a director of Lovell and Christmas (Canada) Limited.

Mr. McCUBBIN: How long have you been a director?

Mr. McLEAN: Eight and a half years.

Mr. FLEMING: Just to clear up one other point, does Mr. McLean not hold any office in the company?

Mr. McLEAN: I am secretary-treasurer of the firm.

Mr. MONET: Would you answer my last question, Mr. Freeman, please?

Mr. FREEMAN: I would say that the industry benefited at every level as the result of the advance in prices.

Mr. MONET: Did it benefit every level the same percentage or what proportion would the different people in the industry have benefited, starting from the producer and carrying on up to the consumer?

Mr. FREEMAN: I do not feel we can express an opinion on that. We do not know what an individual producer was producing. We would not know to what extent others were operating. I do not see how we could determine just what others were doing in the industry.

Mr. MONET: You would know about yourselves, of course.

Mr. FREEMAN: Yes, sir.

Mr. MONET: From the benefit you received, yourselves, to which we will come later, you probably would be able to give a fair proportion of your benefit as compared to the benefit to others?

Mr. FREEMAN: No, I would not know how others benefited.

Mr. MONET: How do you buy your butter?

Mr. FREEMAN: We buy our butter on the market.

Mr. MONET: When you say the market, what do you mean?

Mr. FREEMAN: We buy on the Montreal market. We buy on the Toronto market, on the commodity exchange and we buy from producers.

Mr. MONET: You mean from creameries?

Mr. FREEMAN: Yes. We have consignments from creameries.

Mr. MONET: Do you buy any butter through brokers?

Mr. FREEMAN: Yes, we do.

Mr. MONET: Can you give the members of the committee the proportion of butter you buy from these different people taking your whole transaction in butter?

Mr. FREEMAN: I do not have that information here but I think we could get it if you wish.

Mr. MONET: I think it would be interesting for the members of the committee to know that. Would you be able to supply the committee with the proportion of butter bought from these different persons you have just named?

Mr. FREEMAN: Yes.

Mr. MONET: Now, Mr. Freeman, did you at any time during 1947 or up to date in 1948 refuse to accept any bids for supplies of butter.

Mr. FREEMAN: Yes.

Mr. MONET: When was that?

Mr. FREEMAN: I could not give you any dates because we have no record of the bids we refuse.

Mr. MONET: Can you give the members of the committee the period of the year when it happened? Take 1947, for instance.

Mr. FREEMAN: Well, if a bid is submitted to us which is below the market we turn it down. That is the normal practice at any time.

Mr. MONET: Were there any such bids refused in the course of 1947?

Mr. FREEMAN: Yes.

Mr. MONET: A great number.

Mr. FREEMAN: Not a great number.

Mr. MONET: What might it be?

Mr. McLEAN: May I attempt to answer that?

Mr. MONET: Yes.

Mr. McLEAN: Commencing in the month of September, when it became apparent to everyone in the distributive butter business we were not going to produce sufficient to look after our requirements, there were people who did not know our name for the last two years who would come and make bids to us for cars of butter that might be below the market, and even if they were at the market we have our own trade we must protect. All during 1947 when people whom we considered our regular trade required 50 boxes of butter or 5,000 boxes of butter they got it at the market daily or weekly or monthly, whenever they required it. If they wanted to store butter at their risk we were always there to look after their requirements. In other words, it is natural that you only have certain trade you can look after. You cannot look after everybody from coast to coast. Therefore if you only have sufficient butter to look after your own trade requirements you cannot be looking after some other person's customers. I think that is about the best way I can explain that to you. In other words, we would naturally protect our own trade before we would somebody else who does not buy from us every week. Possibly that answers the question at times we would refuse bids, but not from our regular trade, not once.

Mr. MONET: So it would be a fair statement, from what you have just said, to say that you did not refuse any bids for supplies of butter from your regular customers?

Mr. McLEAN: That is correct.

Mr. MONET: But you did refuse bids from people who were not your regular customers?

Mr. McLEAN: That is right, because if we had served them, as we saw the shortage developing, we would have had to cut our own customers off which would have been very poor business. Our own trade was looked after right through this thing, and they had the privilege, during the producing season, of storing butter if they wished. We had to look after their requirements every week of the year regardless. They had the privilege of storing it if they wished.

Mr. MONET: Do I understand that in your own trade you are always looking forward for new customers?

Mr. McLEAN: I would say yes and no.

Mr. FREEMAN: When supplies warrant.

Mr. McLEAN: Commencing in September we had our hands full to look after our own trade.

Mr. MONET: Although in a general way you would be looking for new customers in your trade you did not feel like accepting bids from September on?

Mr. McLEAN: I would explain it this way, that we can only handle a certain percentage of Canada's butter production in a distributive way, which happens to be, let us say, around $2\frac{1}{2}$ per cent of Canada's butter production. We are not equipped to handle 12 per cent.

Mr. IRVINE: Did you handle any more during this period in question than you did previously?

Mr. McLEAN: Did we?

Mr. IRVINE: Yes.

Mr. McLEAN: Yes.

Mr. IRVINE: How did that happen if there was a shortage?

Mr. McLEAN: We looked after our requirements from increased production. If you will refer to those volume figures we just back into our original position in the butter distributive trade after the controls were lifted.

Mr. MONET: We will refer to that in a few minutes, Mr. Irvine. Are we to take it that you did not at any time during 1947 or up to now in 1948 refuse to sell any butter to any of your regular customers?

Mr. FREEMAN: Right.

Mr. MONET: Now, Mr. Freeman, is the firm you are representing a member of the commodity exchange?

Mr. FREEMAN: Yes, sir.

Mr. MONET: For the information of the members of the committee would you please outline the operation of the commodity exchange? I would ask you for the moment not to refer to future contracts, but the operation apart from that. We will come to future contracts later on. First, how many members are there of the commodity exchange?

Mr. FREEMAN: I would say about 25, 20 or 25.

Mr. MONET: Would you call them all clearing members?

Mr. FREEMAN: No.

Mr. MONET: How many clearing members?

Mr. FREEMAN: We are talking about the Canadian Commodity Exchange now?

Mr. MONET: Yes.

Mr. FREEMAN: That is the Canadian Commodity Clearing Association.

Mr. MONET: How many members?

Mr. FREEMAN: I would say there are about six or seven.

Mr. MONET: Six or seven?

Mr. FREEMAN: Yes.

Mr. MONET: Would you explain to the members of the committee the difference between the clearing association and the commodity exchange?

Mr. FREEMAN: The commodity exchange is where spot butter is traded in.

Mr. MONET: That is the commodity exchange?

Mr. FREEMAN: Yes.

Mr. MONET: Yes?

Mr. FREEMAN: And the other is where futures are traded.

Mr. MONET: So am I to take it that on the Commodity Clearing Association nothing else but futures are traded? Is that right?

Mr. McLEAN: May I correct Mr. Freeman? I think he is wrong in that statement. The Canadian Commodity Exchange trade both future and spot transactions, but after a future transaction is traded then it is cleared through the Canadian Commodity Clearing Association. The Commodity Exchange handles physically the future and spot transactions, but as far as futures are concerned the clearing house clears the futures.

Mr. MONET: I should like you to describe fully to the members of the committee all the operations of those two, and make it very clear so that there will not be any misunderstanding.

Mr. FREEMAN: Which should we take first?

Mr. MONET: Take first the Commodity Exchange.

Mr. FREEMAN: In the first place the exchange at no time buys or sells butter. It provides, regulates and maintains a market place where buyers and sellers or their representatives meet and buy or sell their butter. In order to further this purpose its declared objects are to establish equitable and just principles and to maintain uniformity in rules and usages. It disseminates prices and sales daily through quotation systems and the press.

Mr. MONET: That is the Commodity Exchange?

Mr. FREEMAN: That is the Commodity Exchange.

Mr. MONET: I should like you, Mr. Freeman, to tell the members of the committee the operations of the Commodity Clearing Association.

Mr. FREEMAN: The clearing association acts as a central clearing agency for exchange members. Every member of the exchange has the privilege of becoming a clearing member subject to his compliance with certain conditions such as (1) The deposit of such an amount as may be required in the guarantee fund of the association; (2) agreement to clear all trades through the clearing association; (3) agreement to abide by the bylaws and rules of the clearing association and all amendments.

The clearing association's functions are to see that all contracts cleared are properly margined and brought to the market price daily. It also acts as a guarantor to the buyer and seller that delivery will be taken or made.

Mr. MONET: Are the operations you have just described, Mr. Freeman, important factors in fixing the price of butter?

Mr. FREEMAN: They do not fix the price of butter. They are an important factor in establishing the market.

Mr. MONET: You mean the price?

Mr. FREEMAN: Yes.

Mr. MONET: The market price?

Mr. FREEMAN: The market price.

Mr. MONET: In what way are they an important factor in establishing the market price of butter?

Mr. FREEMAN: The prices at which it is purchased and sold on the Commodity Exchange show the value of butter at that time.

Mr. MONET: You mean the price—

Mr. FREEMAN: Determines the value, the price.

Mr. MONET: Determines the price. When there would be a short supply and heavy demand what would be the result of the operation? What would be the effect rather of the operations of the Commodity Exchange as far as price is concerned?

Mr. FREEMAN: The same as in any other market under similar conditions, that is, when supplies are in short demand the price becomes firmer.

Mr. MONET: So the operations on the Commodity Exchange in a situation like you have just described, short supply and heavy demand, would tend to raise the price of butter? Would that be correct?

Mr. FREEMAN: Not any more than anywhere else.

Mr. MONET: What do you mean by that?

Mr. FREEMAN: Not any more than on the Montreal market or Toronto market or markets anywhere across the country.

Mr. MONET: You mean the Montreal and Toronto butter markets?

Mr. FREEMAN: Butter markets.

Mr. LESAGE: Mr. Monet, when you think it is the proper time would it be possible to ask the witness to describe one complete operation?

Mr. MONET: I am coming to that. You mean a future contract?

Mr. LESAGE: Not especially future contracts; one complete operation.

Mr. MONET: Would you ask that?

Mr. LESAGE: No, you ask it. I should like to have a clear picture.

Mr. MONET: Would you describe the operation on the Commodity Exchange from the beginning to the end?

Mr. FREEMAN: May I read this?

The CHAIRMAN: What is that?

Mr. MONET: It is about futures. I should like you to describe the operations on the Commodity Exchange from the beginning to the end, future contracts and other contracts if there are any.

Mr. FREEMAN: What is a future contract? It is an agreement on the part of the seller to deliver during the specified month and for the buyer to take delivery during the specified month a car of butter containing 400 boxes, 22,400 pounds (5 per cent tolerance). Both buyer and seller post a margin of \$1,500 per car which must be maintained. Additional margin is required with each fluctuation of $\frac{1}{8}$ cent per pound; therefore there is no possibility of default.

Who would be interested in buying a future contract? A good example would be a creamery in the maritime provinces where they do not produce sufficient butter locally to look after their year around requirements. This creamery has the choice of storing actual butter, produced in western Canada, Ontario, or Quebec, or buying a future contract to take up the slack between his production and his requirements. During the flush production months his capital is pretty well tied up in actual product and in some cases it would not be convenient to pay cash for a car of butter. Therefore he buys a future contract.

Who would be interested in selling a future contract? A hedger would be one. In our business the hedger is usually a firm with large freezer facilities and also a large receiver of actual butter weekly from local creameries during the flush production season. Selling a future contract assures him cold storage **earning and reduces market risk** on part of his butter receipts.

Another example of a firm interested in selling a future contract would be a creamery situated in an area of heavy production where he produced all of his distributive requirements in his own creamery. He might prefer to distribute his own manufactured butter, rather than buy from other creameries

but he does not wish nor could not afford to take the risk on the market value of his total inventory until it was required for distribution. A protection for him would be to sell a future contract or contracts according to his position in the industry.

As he withdrew actual butter from storage he would buy in his future contract or contracts. If the market advanced in the interval the amount he lost on his future transaction would be offset by the appreciation in value of the actual product. If the market had dropped, the reverse procedure would take place. In any case he was taking the market risk out of his business.

It is our opinion that at times during the season, future trading has a steady influence on the spot market. It is added support for the actual product during the flush production season.

The Canadian Commodity Exchange is generally accepted as the true daily butter market in Canada because it reflects buying and selling interest from coast to coast.

The Canadian Commodity Exchange is the only exchange of its type in the dairy industry in Canada and although it is located in Montreal the trading is not restricted to Montreal. People in the industry from Vancouver to Halifax use the facilities, and in our opinion a large percentage of the business comes from provinces other than Quebec.

It is also our opinion that the big percentage of all future contracts are transacted by firms or individuals directly connected with the dairy industry. The Canadian Commodity Exchange is an integral part of the dairy industry and has a most important part to play in the marketing of Canadian creamery butter.

Mr. LESAGE: Would you give us now an actual example of a complete transaction either on futures or otherwise on the commodity exchange and also the clearing association?

Mr. McLEAN: May I answer that? We gave you a couple of instances in this short report. We will take the case of a creamery in the Maritimes. He would estimate his butter requirements, and he would check his usual sources of supply in the Maritime provinces from local creameries. He would estimate how much he would receive from them during the producing season, and he would estimate that he would not receive sufficient butter to look after his requirements. He might either write or phone a clearing member such as Lovell and Christmas Canada Limited, and he would say, "I am going to require a car of butter in November; I am going to require a car of butter in February and I am going to require a car of butter in March. What are the quotations on those three options at the present time?" We would look and say, "November butter is 53 cents per pound." He would say, "What is the price on western butter today?" "53 cents per pound".

The western market has been continually running above the Montreal commodity exchange price all season, and during the flush production season you can buy a November contract through a clearing house such as ours at the same price as a car of spot western butter. Therefore the creamery in question would say, "Please buy for me a car of butter at 53 cents for November delivery. I will give you $\frac{1}{8}$ of a cent discretion." Or he might say, "53 cents is the limit" or "I will pay up to 53 $\frac{1}{2}$. Use your judgment." To follow it through, the Commodity Exchange operates, you might say, during a restricted period from 12 o'clock noon to a quarter to one. I would go on to that floor. Trading is done on that floor and there are buyers and sellers on the floor; and then whatever exchange conditions were—the buyer might—say that November butter is selling at 53 $\frac{3}{4}$, he might give us a buying order for 53 cents and we would stand by until it came approximately to that level. I mean, let us say, that he had given us an order to buy for him at 53 cents and if somebody else was selling say with

$\frac{1}{8}$ of a cent, then our buyer would sign up a transaction and say, here is one contract for 400 boxes, 22,400 pounds etc. Therefore that creamery would be protecting his requirements with one kind of butter.

Mr. LESAGE: Do you take delivery of the commodity?

Mr. McLEAN: No.

Mr. LESAGE: That is what I want to know.

Mr. McLEAN: All right, we are a clearing member.

Mr. LESAGE: Yes.

Mr. McLEAN: Therefore the identity of the actual buyer is not disclosed.

Mr. LESAGE: It is not disclosed?

Mr. McLEAN: No. Then we correct our position with the Canadian Commodity Clearing Association. Well, the clearing member must balance up in his total position with the Canadian Commodity Clearing Association. I was going to say that if we had a position of 50 cars long, we either have clients for the total 50, or it is up to the clearing member to balance that one way or the other. They do not know the identity of every client. Now, to get at that point a little further, Mr. Lesage, a futures contract is a hedge against the future requirements on the part of either buyer or seller. Take the case of the creamery in the Maritimes. Once again—

Mr. LESAGE: Go on with the same example. What happens after that?

Mr. McLEAN: All right. Supposing he bought that contract in June for November delivery. We are always estimating what we think production will be, and it does fluctuate a bit. That creamery later on may find that he was able to get more butter locally than he had figured on and therefore he could buy butter locally more advantageously than he had figured on and he sells his hedge on the Canadian Commodity Exchange, or he can take delivery of the actual car of butter during the months specified.

Mr. LESAGE: At the price set?

Mr. McLEAN: That is right, yes; regardless of whether the market is up or down.

Mr. LESAGE: And I suppose that car of butter which has been sold there may not actually be manufactured at the time?

Mr. McLEAN: The big percentage—you are taking the position of a man on the short side. His short position is covered by inventory. In case of our firm with bigger freezer facilities, if we are receiving a certain quantity of butter weekly we do not want to take the market risk on all of it, and if the man in the Maritimes requires one car of it we will sell that spot butter for November delivery and it is actually carried in our warehouse; and the spread between the spot market and the future price contains approximately the charge of storage and the extra charges. Now that is a more advantageous trade for us than selling a car of spot butter because we might have three months cold storage earnings, equivalent to about 11 cents on a box—do you follow?

Mr. LESAGE: Yes.

Mr. McLEAN: Therefore it may be a good trade for us with a big purchaser, with big receipts of butter. But, as I say, it could be bought and go through our firm without our knowing who is buying it. I do not know whether we have made our point very clear regarding the creamery who don't want to hold all of their own butter. If you had a creamery and you were manufacturing 1,000,000 pounds of butter per year and you had a distributive outlet for 1,000,000 pounds of butter per year, and, let us say, you have built up a name for your butter, for a certain quality of butter—it might be solids 1.5 per cent, and they appreciated that quality; then, if you bought a car of butter from some other firm which might have a score of 2.5, your customers would not like it so

well, that is what you have in mind when you come to distribute it, you have regard to the preference of your customers over a period of years. I mean, in the fall, the butter market fluctuates up and down; and when you see it is going to steady down and you are going to have enough butter of your own make; well, you just say, I am going to sell a futures contract or buy a futures contract because as long as I can deliver at this level of prices I am satisfied. I want to take the risk out of it; and then, because I see that I can distribute all of my own make I arrange to go ahead and sell what I have been holding by way of hedge. It is protection against requirements, or against a mark-up.

Mr. LESAGE: And this Maritime distributor will get his carload if he needs it?

Mr. McLEAN: If he needs it.

Mr. LESAGE: In November?

Mr. McLEAN: That is right.

Mr. LESAGE: From you?

Mr. McLEAN: No.

Mr. LESAGE: You bought it for him?

Mr. McLEAN: It depends on what our net position is, Mr. Lesage. We might buy 100 cars and we might sell 50, to a man who wanted it, with a result that our net position is 50. Therefore, we hold in the Canadian Commodity Clearing Association 50 contracts, and they balance their longs and their shorts. In other words, if they bought 100 and sold 50, our net is 50 boxes, therefore we have to deliver 50 boxes to the Commodity Clearing Association to offset those against the other side of the picture. There is a matter of a 50-box difference, do you follow that? Therefore, we deliver to the ultimate buyer.

Mr. LESAGE: All of these operations are not taken into account on the balance sheet?

Mr. McLEAN: Yes, for buying and selling. If you look at our position as it was at the end of the period.

Mr. MONET: That will be explained later.

Mr. LESAGE: All right.

Mr. FLEMING: Is the function of the clearing association to make sure that there is not a short over-all position?

Mr. McLEAN: There cannot be, Mr. Fleming.

Mr. FLEMING: I mean is that one of the particular functions of the clearing association?

Mr. McLEAN: You might say the clearing association handles the money in connection with the transaction.

Mr. FLEMING: And there is also a balancing of contracts?

Mr. McLEAN: Yes, they balance the shorts and the longs.

Mr. FLEMING: And are they daily balances?

Mr. McLEAN: Oh, definitely.

Mr. FLEMING: You mean that all transactions have to be balanced out each day?

Mr. McLEAN: In Montreal the commodity exchange clears its business by quarter to one. Everyone with a position has to balance their points account on every fluctuation of the market daily before 3 o'clock, before the bank closes; and our firm, Lovell and Christmas, has to balance that day.

Mr. FLEMING: And all the other commodity exchanges in Canada have a similar clearing association?

Mr. McLEAN: There is only one Canadian Commodity Exchange in Canada.

Mr. FLEMING: I thought we were told there were public exchanges in other cities?

Mr. McLEAN: I think that is in connection with the co-operatives. There is only one Canadian Commodity Exchange. I do not know of any other.

Mr. FLEMING: We were told that there were other commodity exchanges than the one in Montreal. I think one of the witnesses told us there was one in Toronto.

Mr. McLEAN: There might be, Mr. Fleming. I do not know where it is.

Mr. MONET: Now, Mr. Freeman, in the evidence you gave a moment ago you put the question, "who would be interested in buying futures contracts", and you gave as an example a creamery as one who would be interested in buying say a November futures contract. Is it not a fact that speculators might be interested in buying futures contracts?

Mr. McLEAN: I would say, yes, Mr. Monet; but I cannot go by our own experience, our own position.

Mr. MONET: I know.

Mr. McLEAN: I would not want to make a definite statement that there was no commodity speculative interest in the butter market this year, but I would say that the percentage would be so small that it didn't amount to anything.

Mr. MONET: But, just for the information of the committee, Mr. McLean, do you know whether or not a speculator would be interested in buying futures contracts? You have given us the example of the creamery which would buy them to meet their potential demand should they run short of supply.

Mr. McLEAN: That is correct.

Mr. MONET: What about the speculator, could the speculator be interested in buying futures on the commodity exchange?

Mr. McLEAN: Yes.

Mr. MONET: And would that not be the place where they would buy it?

Mr. McLEAN: Not necessarily.

Mr. MONET: Where could he buy it?

Mr. McLEAN: He would buy spot butter any place in Canada, but the percentage of what you might call speculative interest—we do not have any of it—it would be so small—your point is correct, the opportunity is there.

Mr. MONET: The opportunity is there, that is if he wanted to take it?

Mr. McLEAN: If he wanted to risk his money.

Mr. MONET: In other words, there would be the possibility of speculation there?

Mr. McLEAN: Yes, but do not direct that particularly to the commodity exchange.

Mr. MONET: No.

Mr. McLEAN: The speculator could speculate in butter but not necessarily get it on the commodity exchange.

Mr. MONET: But the commodity exchange would make it possible for him to buy it?

Mr. McLEAN: That is right.

Mr. MONET: During the year 1947, and up to date in 1948, did you sell any butter futures contracts to any individual or organization not associated with the dairy industry?

Mr. FREEMAN: No.

Mr. MONET: You did not?

Mr. FREEMAN: No.

Mr. MONET: Would you give to the committee the amounts of the butter futures contracts cleared through you in 1947 from June to December?

Mr. FREEMAN: We bought 154 contracts and sold 138.

Mr. MONET: Correct. Now I have here, Mr. Freeman, as bought in the month of August by your firm 26 futures; and sold, 18, is that correct?

Mr. FREEMAN: That is right.

Mr. MONET: Would you give an explanation to the members of the committee as to the difference between your purchases and your sales for that month?

Mr. McLEAN: What sort of an explanation do you want?

Mr. MONET: Why did you purchase more that month than you sold?

Mr. McLEAN: We had more buying orders than selling orders.

Mr. MONET: I understand that this butter was not all purchased for yourselves.

Mr. McLEAN: No, we cleared for other people. There was more buying interest than selling interest during the month of August.

Mr. MONET: Would these purchases be purely for clients of yours or would some of them be for your own company?

Mr. McLEAN: Out of that position our own company during the month in question bought 5 contracts and sold 8.

Mr. MONET: For yourselves?

Mr. McLEAN: For our own account.

Mr. MONET: And the difference would be for some of your clients?

Mr. McLEAN: Yes.

Mr. MERRITT: Is that sheet available, Mr. Monet?

Mr. MONET: You are referring to this statement on futures operations?

Mr. MERRITT: Yes.

Mr. FREEMAN: That is a statement covering our futures operations.

Mr. MONET: Mr. Chairman, I am sorry to say that I received this too late to have it mimeographed for distribution to the members this morning, but that can be arranged to make it available to them this afternoon.

The CHAIRMAN: That is what, a report of holdings?

Mr. MONET: It is a report of transactions through the Canadian Commodity Exchange. It could be filed later.

Mr. HOMUTH: It is not in this Exhibit?

Mr. MONET: No, it is not in Exhibit 61.

Mr. MAYBANK: Could it be given an exhibit number and put in some time later?

Mr. MONET: Yes, I would do that. That will be Exhibit 62.

Exhibit No. 62: Summary of butter contracts cleared through the Canadian Commodity Clearing Assn.

LOVELL & CHRISTMAS (CANADA) LIMITED

Summary of butter contracts cleared through The Canadian Commodity Clearing Assn. Inc. during the year 1947.

	RONALD A. CHISHOLM				POLLOCK SAUNDERS LTD.				LOVELL & CHRISTMAS (CAN) LTD.				TOTAL	
	Bought		Sold		Bought		Sold		Bought		Sold		Bought	
	Contracts	Lbs.	Contracts	Lbs.	Contracts	Lbs.	Contracts	Lbs.	Contracts	Lbs.	Contracts	Lbs.	Contracts	Lbs.
1947														
July.....	3	67,200							3	67,200	5	112,000	6	134,000
August.....	20	448,000		22,400	1				5	112,000	8	179,200	26	552,400
September.....	5	112,000							12	268,800	6	134,400	17	380,800
October.....	36	806,400							10	224,000	19	425,600	53	1,187,200
November.....	6	134,400			7	156,800	3	67,200	7	156,800	11	246,400	13	291,200
December.....	14	313,600					2	44,800	25	560,000	12	268,800	39	873,600
Total bought and sold.....	84	1,881,600	69	1,545,600	8	179,200	8	179,200	62	1,388,800	61	1,366,400	154	3,449,600
														3,091,200

RONALD A. CHISHOLM,
Metropolitan Building,
44 Victoria St.,
Toronto, Ontario.

POLLOCK SAUNDERS LTD.,
353 St. Nicholas St.,
Montreal.

Mr. FLEMING: Would that not be Exhibit 61?

Mr. MONET: Exhibit 61, is the answers to the questionnaire.

The CHAIRMAN: This will be Exhibit 62.

Mr. MONET: It is a summary of the butter contracts dealt with by this company through the Canadian Commodity Clearing Association. Now, Mr. Freeman, for the month of October I see that you purchased 53 and sold 40 contracts?

Mr. FREEMAN: That is correct.

Mr. MONET: And the same explanation applies in that case, I presume.

Mr. FREEMAN: That is right.

Mr. MONET: And in November I see that you bought 13 and sold 25?

Mr. FREEMAN: Right.

Mr. MONET: And I see that for the month of October you purchased 8 more contracts than you sold, was butter production increasing at that time or decreasing?

Mr. McLEAN: The explanation of that, Mr. Monet, would be that during the month of August as a clearing member we were not buying or selling any of this butter for our own firm, we were acting on behalf of other clients or purchasers.

Mr. MONET: Quite.

Mr. McLEAN: As that statement indicates, we were doing more buying than selling in that particular period to the extent of 8 contracts.

Mr. MONET: Why was that, why did you do more buying than selling; do you mean that you had more requests to buy than you had to sell?

Mr. McLEAN: Yes.

Mr. MONET: Was the price lower at the time?

Mr. McLEAN: In the month of August the market was more or less stationary until—let us see, the middle of the month.

Mr. MONET: What about October, Mr. McLean, where you purchased 53 and sold 40; would the same explanation apply?

Mr. McLEAN: Yes, 13 contracts. I remember the October butter market very well. The butter market dropped 5 cents a pound in two weeks, from October 10 until—let us see—October 26.

Mr. MONET: So you had more orders to buy than you had to sell?

Mr. McLEAN: That is the way it turned out.

Mr. MONET: What was the price of butter in November?

Mr. McLEAN: The butter market in November advanced considerably from the low of the month before. The low in the month of October was at 56 cents.

Mr. MONET: All right, but I see by the figures indicated here that in the month of November you purchased 13 futures and sold 25?

Mr. McLEAN: That is correct. May I explain this to you?

Mr. MONET: I would like to have you give me an explanation of it.

Mr. McLEAN: You see on the sold side, part of the commitments would be a liquidation of contracts on the bought side—do you follow?

Mr. MONET: Yes.

Mr. McLEAN: In other words, they are not all new commitments. They might be liquidations of the original contracts; or, as in the example I gave you previously, the creamery in the Maritimes, getting enough local butter decides to sell the futures contracts which he has previously bought.

Mr. MONET: In your opinion, Mr. Freeman, as a member of the Commodity Exchange Clearing Association, would the buying of futures contracts without

trade requirements tend to advance prices? I would like to have this made very clear.

Mr. CLEAVER: Would you repeat the question?

Mr. MONET: Would the buying of futures contracts without trade requirements tend to advance prices?

Mr. McLEAN: May I answer that, Mr. Monet.

Mr. MONET: Yes.

Mr. McLEAN: As Mr. Freeman said previously, it became quite apparent in the month of September that we were not going to produce sufficient butter to look after our requirements. If there had been a small speculative interest in the butter market with the level of prices getting up even close to 60 cents it is my opinion that the speculative interest if any, would have been out of the market; the speculative interest would not have participated in the butter market above 60 cents, providing there had been any speculative interest. My opinion is that it was buying against actual requirements that put this butter market up.

Mr. MAYBANK: Well, as a matter of fact, any purchase has a tendency to put the price up?

Mr. McLEAN: Not necessarily, Mr. Maybank. Might I answer it this way: In a market such as butter it must find its true level according to supply and demand. A certain interest might shove the butter market up a quarter, three-eighths or half a cent but during a period of weeks when that buying interest is out it must find its own level.

Mr. MAYBANK: Well, take a demand for one pound.

Mr. McLEAN: Yes.

Mr. MAYBANK: You would not expect the purchase of one pound of butter to raise the price?

Mr. McLEAN: No.

Mr. MAYBANK: If 1,000 pounds, probably the answer is the same; correct?

Mr. McLEAN: Yes.

Mr. MAYBANK: But with 1,000,000 pounds purchased, the answer is still the same?

Mr. McLEAN: I can give you the answer to what you are driving at.

Mr. MAYBANK: What I am driving at is just to get an answer to that question; now, change the figure to 1,000,000 pounds, is your answer still the same as it was for one pound?

Mr. McLEAN: My answer, Mr. Maybank, to cover that is, the buying interest which brought about this big advance in the butter market was caused by the Canadian consumer consuming on the average 3,000,000 pounds of butter.

Mr. MAYBANK: That is not an answer to my question. My question was whether there would be any tendency one way or another in the purchase of 1,000,000 pounds of butter; does that tend to put the market up in itself; is there a tendency that way?

Mr. McLEAN: Yes.

Mr. MAYBANK: At what point, between one pound and 1,000,000 pounds, does the tendency come into the picture? I now recall my first proposition, which was this: does not any purchase tend, in however infinitesimal a fashion, does it not tend in the direction of upping prices?

Mr. McLEAN: I do not see that, myself.

Mr. MAYBANK: You do not; but it does occur, in your opinion, at the point 1,000,000?

Mr. McLEAN: I will give you an example, and I have seen this happen, to my regret. During the summer, we have purchased 2,000 boxes of butter from the Canadian Commodity Exchange, for argument's sake, at 52 cents. We had bought all we wanted, and the butter market sold at 51 cents in a matter of five minutes.

Mr. MAYBANK: I think you are confusing the meaning of the words, "to tend," in an economic sense and the actual happening. Well, it need not be pursued.

Mr. McLEAN: If there were more buying interests than selling interests on any market, the tendency would be for the market to advance.

Mr. MAYBANK: Do you not mean that is the case, the market will advance; that is the difference?

Mr. McLEAN: Yes.

Mr. MAYBANK: You may have a tendency for a long time before it results in a fact, is that not so?

Mr. McLEAN: I would say that is close to being correct.

Mr. WINTERS: Then, getting back to Mr. Monet's question, considering the brokerage operations, that people holding stocks of butter tend to put the market up, the answer would be yes?

Mr. HOMUTH: Is there such a thing on the market as short selling?

Mr. McLEAN: The opportunity is there. Of course, anybody who did any short selling this year would have made an awful mistake.

Mr. WINTERS: Would you not say, in answer to Mr. Monet's question, that the answer would be yes, that brokerage operations tend to put the price of butter up?

Mr. McLEAN: No, I would not agree to that.

Mr. WINTERS: It would seem, on the face of what you have said here, that might be the answer that one would normally deduce.

Mr. McLEAN: My answer to the question was, if there were more buying interests than selling interests in any market, the tendency would be for the price to go up.

The CHAIRMAN: If there are a lot more buyers than there is supply, naturally the price does go up?

Mr. McLEAN: Yes.

The CHAIRMAN: That is what you are saying?

Mr. McLEAN: Yes.

Mr. WINTERS: There has to be buying before there can be selling?

Mr. MACINNIS: At what point in the butter market is there an incentive for speculation, when the demand is more active than the supply, or when the demand is less?

Mr. McLEAN: May I ask you, please, to ask me that question again?

Mr. MACINNIS: I think you said, in answer to Mr. Monet, there was some speculative buying?

Mr. McLEAN: No, I do not think I said that. I said there might have been, but very little. From our own experience on the Canadian Commodity Exchange, we did not have any part of it.

Mr. MACINNIS: I may be wrong, but I thought your answer was that there was some but not very much.

Mr. McLEAN: There might have been, but if there was the percentage was very small. For the benefit of the record, please, quote me correctly. So far as the transactions of Lovell & Christmas (Canada) Limited on the Canadian Commodity Exchange, Incorporated, are concerned, we did not have any speculative buying interest.

Mr. MACINNIS: Then, what kind of butter market would provide an incentive for speculation?

Mr. McLEAN: Any kind of market where the buyer figured that there was a profit.

Mr. MACINNIS: That would be a rising market?

Mr. McLEAN: Not necessarily, it could be a dropping market, because if the market dropped to a point he might figure there might be a nickel here, some place.

Mr. MACINNIS: Is not the nickel more likely to be there during a rising market, for the speculator?

Mr. McLEAN: No.

Mr. FLEMING: It depends on how far it has gone.

Mr. McLEAN: Yes.

Mr. FREEMAN: And it depends on the price, in relation to the supply and demand.

Mr. WINTERS: You say you had no speculative interest in buying butter.

Mr. McLEAN: No. Surprising?

Mr. WINTERS: No, I am just trying to keep an open mind on the subject. What was your main interest?

Mr. McLEAN: A dealer interest, a distributor interest of people who eat and sleep butter fifty-two weeks of the year.

Mr. McCUBBIN: Do you mean to tell me you had no speculative interest when, in November, 1946, you bought 2,000 some odd pounds, while in November, 1947, you bought 476,000 pounds?

Mr. McLEAN: The answer to that is that during 1946 we were under government control. We were not free to move as we saw fit. We were, in 1947, as from June 9—I believe that is the correct date. At that point, we decided to get back into our original position in the butter industry. If you compare our figures for 1939 and 1940 to our figures today, they are not out of line.

The CHAIRMAN: Counsel will be going into that.

Mr. McCUBBIN: Very well, I will drop it then.

The CHAIRMAN: All right, Mr. Monet.

Mr. MONET: Turning to exhibit 61, Mr. Freeman, I should like you to turn to statement 2. In the first column, which is headed, "sales"—I am not talking about the column headed, "Year ended 31st March"—in the first column entitled, "sales" for the year 1948, your total sales were \$2,729,078.12; is that correct? That figure is for the eleven months ending 28th of February, 1948?

Mr. FREEMAN: That is right.

Mr. MONET: I understand your fiscal year ends on March 31?

Mr. FREEMAN: That is right.

Mr. MONET: It is for that reason you have only eleven months reported in column one?

Mr. FREEMAN: Well, this statement was made up before—we are not out of March, yet.

Mr. MONET: I know, it is just for eleven months?

Mr. FREEMAN: Just for eleven months.

Mr. MONET: If you compare this amount of \$2,729,078.12 with your biggest year from 1939 to 1947, which, I take it, was 1942—is that right?

Mr. FREEMAN: 1942, that is right.

Mr. MONET: Where the total sales were \$1,465,655.71?

Mr. FREEMAN: That is right.

Mr. MONET: So, your sales for the current fiscal year are practically double the heaviest sales you ever had between 1939 and 1947?

Mr. FREEMAN: Yes, so is the price of butter.

Mr. FLEMING: These are dollar sales of which you are speaking now?

Mr. FREEMAN: Dollar sales.

Mr. FLEMING: Have you the quantity?

Mr. MONET: Not there, it is on a later sheet. I want to draw your attention now to the amount in the last column for this period of eleven months ending the 28th of February, 1948. You give, as the net departmental profit before taxes on income, \$113,934.42—this is on statement 2?

Mr. FREEMAN: Yes, that is right.

Mr. MONET: That would represent your profits for the current fiscal year?

Mr. FREEMAN: For the eleven months ending February 28.

Mr. MONET: In other words, your fiscal year is not yet complete?

Mr. FREEMAN: Not yet complete.

Mr. MONET: For the first eleven months, this amount represents your profit?

Mr. FREEMAN: On butter, yes.

Mr. MONET: I also wish to point out to you that, in the last column, there were five months out of the previous ten months in which you had a loss?

Mr. FREEMAN: That is right.

Mr. McCUBBIN: Five years.

Mr. MONET: Pardon me, five years. The largest amount of profit made between 1939 and 1947 was in the year 1941, \$27,568.02; is that correct?

Mr. FREEMAN: That is correct.

Mr. MONET: In this statement 2, the second page of this statement, you have administrative and selling expenses listed and would you tell the members of the committee how you break that down? It amounts to \$34,910.12 for the current fiscal year. How do you arrive at that amount?

Mr. FREEMAN: That item of \$34,910.12 represents a percentage, as between our butter and cheese accounts for administrative and selling expenses; that is, the expenses we cannot trace directly to either commodity or the expenses that are interlocking. We charge them on a percentage basis to the department.

Mr. MONET: What basis do you use, Mr. Freeman, in making the charge against butter and cheese?

Mr. FREEMAN: 40 per cent to butter; that is the basis we have had since before the war.

Mr. LESAGE: 40 per cent to butter and 60 per cent to cheese?

Mr. FREEMAN: That is right.

Mr. LESAGE: What was the relative volume of your operations for butter and cheese during the last eleven months?

Mr. FREEMAN: I do not have that information here, Mr. Lesage, but as it turns out for this year our 40 per cent is conservative, as for butter in relation to cheese. We think it is a bit low.

Mr. LESAGE: This year, yes, you are making a profit; but in 1947?

Mr. FREEMAN: What was it in 1947?

Mr. LESAGE: What was the volume of cheese you handled. We have the volume of butter?

Mr. FREEMAN: I have not got the cheese figures here.

Mr. LESAGE: Could we have them? Mr. Monet, that is what I should like to have, the volume of cheese handled in 1946 and 1947, in dollars and pounds,

and the net departmental profits before taxes on income for the years 1939 to 1947.

Mr. MONET: Would you repeat that?

Mr. LESAGE: I should like the departmental profit and loss before taxes on income for cheese from 1939 to 1947 and also for the first eleven months of 1948.

Mr. McLEAN: Is this not getting away from the point in question? Is not the purpose of this to reveal our butter operations?

Mr. MONET: I must say, in all fairness to the witnesses, they were requested to give information only as to their butter operations. I understand that, on this statement which has come to hand just a short time ago, this firm does interlock cheese and butter operations.

Mr. LESAGE: This firm has a double operation in cheese and butter. They are charging expenses on the set basis of 40 to 60 per cent. I think it would be proper to have those figures.

Mr. McLEAN: I believe I can answer this question for you. This division is approved by our auditors, Riddell, Stead, Graham and Hutchison, and also approved by our parent company in London as an equitable distribution of administrative expenses, which they accept.

Mr. LESAGE: I am not an auditor.

Mr. WINTERS: Did your total administrative expenses go up anything like the relationship shown here between 1947 and 1948, or does that just bear a relationship between butter and cheese?

Mr. FREEMAN: The relationship is constant. We have the administrative selling expenses from 1939 to 1947 here, that is on a 40 per cent basis.

Mr. LESAGE: I do not see what objection you would have to this?

The CHAIRMAN: I do not appreciate the point. The significant thing to me is the \$113,000 which is almost double the profit in the years 1940 to 1944. It seems to me that is the significant thing. How can these administrative expenses of \$34,000 help us very much?

Mr. LESAGE: I am not insisting on that, Mr. Chairman. What I should like to have is the relative volume of the cheese transactions, for the same years as we have for butter, in order to make a comparison. For instance, I assume that the transactions in cheese during the war years and up to 1946, were much higher than they are now, and the ratio was 40 to 60 per cent between butter and cheese then. It is a constant figure. Now, this year, for the first eleven months, the transactions in butter were much higher than they were in cheese.

Mr. McLEAN: Do you feel the 40 per cent is too low? If so, it would make our position very much better?

Mr. LESAGE: I do not have to render any judgment on that. I want the facts. I do not say it is too low. I do not have the figures. I will have an idea when I have the figures. I submit it is an important point.

Mr. FLEMING: Mr. Chairman, the basis of the suggestion made by Mr. Lesage now is that the 40 per cent may not be an adequate share of the overhead to charge against butter in view of the fact butter operations, in relation to cheese operations, have probably expanded very greatly in the last year. Now, the effect of that, of course, would be to increase the figure of \$34,910 and to reduce the figure of \$113,000, the net departmental profit.

Mr. LESAGE: Or, for the previous years, to decrease the administrative selling expenses in the butter department and increase the profit. The only way to ascertain the facts is to have the figures.

Mr. McLEAN: We have revealed the figures, and our accountants and auditors seem to be of the opinion that percentage is still, let us say, approximately right.

Mr. LESAGE: Is there any objection to giving us the volume in pounds and dollars of your cheese operations for the years 1939 to 1947? I do not see how there could be any objection to it.

Mr. McLEAN: There is no objection. If it is important to you, we will get the information for you.

Mr. LESAGE: Perhaps I am wrong, but I think it is.

The CHAIRMAN: I believe the significant fact is what has already been shown on this sheet, the significantly large profit for this year. It seems to me that is the figure in which we ought to be interested. It may be that the disclosure of the information for which you have asked might add to that a little or decrease it.

Mr. LESAGE: Decrease it, but it is not so much the present fiscal year as the previous years in which I am interested. I know and everybody knows that the volume of cheese transactions during the war years was very high, while the volume of butter transactions was low.

The CHAIRMAN: You can give us that information?

Mr. McLEAN: Yes.

Mr. LESAGE: Could you give it to us this afternoon?

Mr. McLEAN: I could not say when; we will do it as fast as we can. We will have to telephone Montreal. We do not keep volume records.

Mr. LESAGE: Of your cheese transactions?

Mr. McLEAN: No.

Mr. LESAGE: How is that?

Mr. McLEAN: Most of these figures relating to volume which we filed for you, we do not keep those ourselves.

Mr. LESAGE: You say it has been checked by your auditors. If it has been checked by your auditors, they took the figures from some place?

Mr. McLEAN: I do not know what way they checked it, but they approved our balance sheet in every shape and form. Now, it might be possible that they have that, I do not know; but with regard to getting all these volume figures for cheese for the period for which you have asked, we do not have them. We do not keep that record, but certainly we will gladly get them for you as quickly as possible. I do not know how long it will take. We worked night and day to get these volume figures on butter for you and we were glad to do it. However, I would not want to make a guess as to how long it would take.

Mr. HOMUTH: If it is really important they have no alternative except to do it, but I can easily understand that, for anyone who does not keep volume figures, it is tremendously difficult to go back and try and figure it out.

Mr. LESAGE: You have two departments, butter and cheese; is that correct?

Mr. McLEAN: And the cold storage.

Mr. LESAGE: Do you have your figures on the cold storage separate from the others?

Mr. FREEMAN: Yes.

Mr. LESAGE: So you have, for each year, the total volume of your sales in your balance sheet?

Mr. FREEMAN: The dollar value.

Mr. LESAGE: If you subtract the amount which is shown in the first column of statement 2 for each year, which is for butter, you will have the dollar value for cheese?

Mr. McLEAN: That is correct.

Mr. LESAGE: Can you give me the dollar value?

Mr. FREEMAN: The dollar value basis, we can give you that information this afternoon.

Mr. McLEAN: From the poundage standpoint, we do not keep that record.

Mr. LESAGE: But from the dollar value standpoint?

Mr. FREEMAN: We can get that almost immediately.

Mr. FLEMING: Was this pro rating of administrative expenses as between cheese and butter on a 60-40 basis established originally on the basis of volume or dollar value?

Mr. FREEMAN: All factors were taken into consideration. You get your dollars and volume—we worked on this for many years. It was a bit of a hobby with us, and we think we have it. There are so many factors of which the layman cannot think, which enter into this. When you store butter and cheese, you store cheese at a temperature of 45 and you store butter at a temperature of zero. We wish somebody would tell us how much more it costs to put a temperature of zero into a room than put a temperature of 45 into a room. We have turned these figures around and around, and, after many years of experience, 40 per cent is the figure at which we arrived.

Mr. HOMUTH: When cheese and butter were both controlled by the government and the price set by the government, the government accepted that basis of 40-60?

Mr. FREEMAN: Yes, that is right.

Mr. LESAGE: I am not the government.

Mr. HOMUTH: You are part of it.

Mr. LESAGE: No, I am a member of the House of Commons.

Mr. FLEMING: Not supporting it now?

Mr. LESAGE: Maybe I am supporting it.

Mr. FLEMING: Could you tell us the year in which you arrived at this 40-60 basis? How long has it been in effect?

Mr. FREEMAN: For over fifteen years.

Mr. WINTERS: I have a question there. If this administrative and selling expense for butter is 40 per cent, the total, then, for the year 1948, would be approximately \$87,000; would that be right, for butter and cheese, and the corresponding figure for the whole year of 1947 would be \$48,000, that is almost double? How would you account for such a big increase in administrative expense?

Mr. FREEMAN: I cannot quite account for that, but referring back you will notice in 1940, the administrative and selling expense was \$30,000; in 1942 it was \$30,000; and for this year it is \$35,000—that reflects the increased cost. Well, that figure was so low for the previous year—I can't quite tell you at the moment.

Mr. McLEAN: Possibly part of the explanation, if you refer to 1944 and 1945; that was when we were under control and the volume of butter that we handled was low in relationship to the year 1940 and the year 1947—and in 1946 and 1945 to a lesser extent. The 1944 volume of butter we handled was less than 1947; therefore, cheese had to take up a larger portion of administrative expense. Is that what you want?

Mr. LESAGE: It is 60?

Mr. FREEMAN: Yes, always 60.

Mr. WINTERS: Quite a few of these items that go into administration and selling expense are substantially fixed charges or of that nature. I do not quite see how you go from \$48,000 in 1947 to what will be over \$87,000 for the following year. It will almost double. I would like to know how that arises.

The CHAIRMAN: Where do you get that \$48,000 item?

Mr. WINTERS: I was interpolating. It was \$19,000 in 1947, and that was 40 per cent of the total, that would be roughly \$48,000.

The CHAIRMAN: That is right.

Mr. McLEAN: We made one mistake. We didn't mean to. That 64 per cent there is administrative expense, except interest. Our interest charged is based on the amount of money tied up in each commodity. We can't split that. We overlooked that, I am sorry; therefore, in a year such as this, with butter at a high level of price and a high inventory the interest cost in carrying that product, which is direct expense to butter—that possibly accounts for part of that, because interest is a big expense with us.

Mr. WINTERS: Have you increased salaries and wages paid this year?

Mr. McLEAN: No.

Mr. McINNIS: The greater the volume of business you did the greater your relative expense would be, and apparently during the current calendar year you had almost four times as much as in the calendar year 1947.

Mr. McCUBBIN: What kind of investments did you have? You mentioned loss on investments?

Mr. McLEAN: These are the details of our administrative and selling expenses. We had no losses on investments.

Mr. McCUBBIN: You mention it there.

Mr. McLEAN: There is no interest charged against it.

Mr. FLEMING: This is a sort of formula?

Mr. FREEMAN: That is a form, yes.

Mr. FLEMING: I said, it is a formula.

Mr. FREEMAN: That is taken right off the balance sheet.

Mr. LESAGE: Did you get an answer to your question?

The CHAIRMAN: What is that?

Mr. MacINNIS: I don't know. I asked a question and I made an observation.

Mr. LESAGE: Yes, and you said something about volume.

Mr. MacINNIS: Unless it can be accounted for by the increase in the volume of business I cannot see how all the expenses, such as direct expense of the type of labour—I cannot see that there has been so large an increase in labour costs and in material costs; labour is up about 80 per cent compared with the year 1939.

Mr. MacINNIS: Yes, but compared to the year 1947?

Mr. MAYBANK: That volume increased about three times.

Mr. WINTERS: That is in dollar volume.

Mr. MAYBANK: Oh, I see; that is money volume.

Mr. McLEAN: If you refer to our poundage volume—

Mr. MONET: That would be on page 4.

The CHAIRMAN: I think Mr. MacINNIS' question might be answered. It is a proper question. Can you tell us how you arrive at that increase in expenses? That is perhaps the most direct way of getting at just what the expenses were. Could you give us an idea of that?

Mr. MONET: You might explain that by making a comparison between 1947 and let us say 1941. Would you give us an explanation of the difference between those two years?

The CHAIRMAN: Yes.

Mr. MONET: Of course, the last fiscal year has not completed yet, there will be another month to be added to that.

Mr. HOMUTH: How was your volume? You could answer the question very simply, what was your volume poundage of butter as compared with the year before?

Mr. McLEAN: Approximately double.

Mr. FLEMING: Were are your figures on this statement?

Mr. MONET: That is on the statement before you, Mr. Fleming.

The CHAIRMAN: Volume would not necessarily explain it. It might.

Mr. HOMUTH: Volume would explain it as far as cartage, weighing, wrapping, cooperage supplies, wire and everything of that kind used in handling butter is concerned.

Mr. LESAGE: If you haven't got it for the fiscal year you would have it for the calendar year.

Mr. MONET: Pardon me, if you just take out the first three months, for instance.

Mr. LESAGE: Oh yes.

Mr. MONET: We will ask that of one of the witnesses. We know the current fiscal year for them has not yet ended but we might have it for the calendar year.

Mr. FREEMAN: The volume of butter is double.

The CHAIRMAN: Your paper and all that sort of thing too.

Mr. FREEMAN: Your direct butter expense would increase accordingly.

The CHAIRMAN: As Mr. Homuth says, it should not be difficult for you to answer; obviously, if there were an increase in volume it would apply to costs. Can't you tell us that now?

Mr. MONET: Could you give us the same information as to the difference between 1947 and 1948?

Mr. FREEMAN: That is, direct expense?

Mr. McLEAN: I can tell you, gentlemen; we can give you the exact detail covering these different headings for the two years in question, if you wish. We would have to get it from the office.

Mr. HOMUTH: That is the answer.

The CHAIRMAN: We will get that.

Mr. FLEMING: Are you going to prepare that information on the same basis as this statement too, because it is going to be difficult to follow it otherwise. I am just making a rough calculation here and it seems to me the volume is more than double. If you will look at those figures, the third column on page 4, in the terms of your fiscal year, I think you will find it is more than double—1947 over 1946. I think you will find the fiscal year ending the 31st of March, 1947, runs roughly to 2,500,000.

The CHAIRMAN: Yes.

Mr. FLEMING: And the eleven months from April 1, 1947, to February 29, 1948, went about 6,000,000, so the increase is something like 2.4 times rather than twice.

Mr. MAYBANK: May I ask a few questions on these words that are down here under direct expense: The first is labour, I presume that refers to payments paid to your own employees?

Mr. FREEMAN: That is right.

Mr. McLEAN: Warehouse labour.

Mr. MAYBANK: What you pay your own employees, that is all I am interested in.

Mr. McLEAN: Yes.

Mr. MAYBANK: Cartage is the payment of an amount of money to somebody else?

Mr. FREEMAN: Yes.

Mr. MAYBANK: Weighing is money you pay out?

Mr. FREEMAN: Right.

Mr. MAYBANK: Then what about wrappers, you buy them?

Mr. FREEMAN: Right.

Mr. MAYBANK: Coopering supplies, wire, the same?

Mr. FREEMAN: Yes.

Mr. MAYBANK: Cold storage expenses on stock, is sometimes a payment which is made to yourselves?

Mr. FREEMAN: That is right.

Mr. MAYBANK: And sometimes a payment made to another cold storage or, is that latter statement correct?

Mr. FREEMAN: Mostly to ourselves.

Mr. MAYBANK: You do not use some other public storage to any great extent?

Mr. FREEMAN: We said a few moments ago that it was 85 per cent our own storage.

Mr. MAYBANK: It is 85 per cent your own storage?

Mr. FREEMAN: Yes.

Mr. MAYBANK: And have cold storage rates gone up during the year?

Mr. FREEMAN: That is right, they have gone up.

Mr. MAYBANK: Can you give us offhand the proportion of increase? you cannot say that offhand you might answer it later.

Mr. FREEMAN: Yes.

Mr. McLEAN: About 10 per cent.

Mr. MAYBANK: About 10 per cent?

Mr. McLEAN: Yes.

Mr. MAYBANK: Depreciation on machinery, now machinery speaking generally is fully depreciated in seven or eight years, your kind of machinery?

Mr. FREEMAN: It is not on our refrigerator machinery, just our butting and printing machinery on which the depreciation is very low.

Mr. MAYBANK: I was speaking more particularly of the purchase of new machinery in one year with respect to which a depreciation would not begin to appear in the next year?

Mr. FREEMAN: No.

Mr. MAYBANK: No new machinery?

Mr. FREEMAN: No.

Mr. MAYBANK: Then the depreciation on machinery which you show for 1947 to March 31, will be just the same as what you show proportionately for the first eleven months of the current fiscal year?

Mr. FREEMAN: Yes sir.

Mr. MAYBANK: So there is no change in depreciation?

Mr. FREEMAN: No sir.

Mr. MAYBANK: I see, then as to insurance on merchandise—I suppose there is not great change there, unless the rates have gone up—have they?

Mr. FREEMAN: No, the rates have not gone up but the values have gone up.

Mr. MAYBANK: I appreciate that, that would be on account of larger stock

Mr. FREEMAN: The volume is higher.

Mr. MAYBANK: Yes.

Mr. FREEMAN: We have a larger stock of higher value.

Mr. MAYBANK: And it is insured by the dollar, not the pound?

Mr. FREEMAN: It is insured by the dollar.

Mr. MAYBANK: That is all right. I just wanted to get this statement on the record so we would be better able to appreciate what we had before us.

The CHAIRMAN: This figure of \$15,888.33, represents your maximum expense? You have explained the figure. Anything that you show us now would not increase at that figure?

Mr. McLEAN: Certainly not.

The CHAIRMAN: But don't you want to change the ultimate showing of net profit before taxes on income, \$313,000?

Mr. FREEMAN: No.

Mr. IRVINE: Is it customary on a balance sheet to have one statement for all phases of the business?

Mr. FREEMAN: On the balance sheet?

Mr. IRVINE: Yes.

Mr. FREEMAN: Altogether.

Mr. IRVINE: Then it would seem to me that your cold storage would have some significance, you might make a very high profit on your butter and your cold storage would show as an expense to the company.

Mr. FREEMAN: Of course, so far as the cold storage department is concerned, the butter revenue is derived either from butter stored by Lovell and Christmas, or from butter stored on the account of Lovell and Christmas's customers.

Mr. FLEMING: May I ask you what method of refrigeration you use in your plant?

Mr. FREEMAN: Air circulation.

Mr. FLEMING: How do you refrigerate the air?

Mr. FREEMAN: Ammonia compressors.

Mr. FLEMING: I was wondering about the 10 per cent increase in your cost operating your refrigeration plant during the year, how did that come about—labour or materials?

Mr. FREEMAN: I would say, Mr. Fleming, that the cost of everything has been going up like that. (raising hands and indicating)

Mr. FLEMING: Probably on both labour and materials then.

Mr. FREEMAN: Everything, yes.

Mr. IRVINE: Now, the items under your administrative and selling expenses, there are a couple of items here on which I would like to have an explanation, though I do not think it affects it very much. What do you mean by salary savings, etc.?

Mr. FREEMAN: That does not enter into the figures at all. That is an accommodation we give the members of our staff. They take out insurance on their own lives and we have nothing to do with it other than to help them finance it.

Mr. IRVINE: Do you pay a certain amount of the premium for them?

Mr. FREEMAN: No, we suggest an accommodation to them.

Mr. FLEMING: You lend them the money?

Mr. FREEMAN: We lend them the money.

Mr. IRVINE: What do you mean by loss on investments? How can you charge a loss on an investment to an expense account—don't you just show it as a loss?

Mr. FREEMAN: In the figures you have before you there are no losses on investments.

Mr. IRVINE: If there had been it would have been shown there?

Mr. FREEMAN: I do not know. It would depend on the nature of the loss.

Mr. IRVINE: I am just asking for information.

Mr. HOMUTH: You would not deduct it twice from your financial statement.

Mr. FREEMAN: Oh, no.

Mr. HOMUTH: It would be a nice thing if one could.

Mr. FLEMING: As I said, this is a formula used in arriving at administrative and selling expense.

The CHAIRMAN: Gentlemen, there is something which I should have mentioned earlier. On Friday, Mr. Johnston told me that it would not be possible for him to be here this week and he asked me if it would be all right to have Mr. Low take his place. I told him, of course, that any member of the House of Commons has the right to come into any committee, and Mr. Low is here this morning. I am sure we are all very happy to have him here, and apart from the question of the right to vote I should not think there would be any difficulty. Mr. Johnston has been a very assiduous member and he is being vicariously represented this morning by Mr. Low. I do not think that Mr. Low would want to be here without wanting to take part in our deliberations, so I thought I would just mention his presence because I think he was about to ask a question, and I wonder if that would be agreeable to the committee.

Mr. FLEMING: I think he should have all rights of members of the committee except the right to vote.

Mr. MACINNIS: I suggest that he have all the rights of the committee, except the right to vote.

Mr. IRVINE: Of course, we cannot give him that.

Mr. MAYBANK: Mr. Chairman, I think we are all quite willing to give the recognition to Mr. Low.

Mr. Low: Thank you, very much.

Mr. HOMUTH: Mr. Freeman, I do not see anywhere on this statement—of course, we have not the financial statement in front of us here of your operations. I see here that your direct expenses represent the following charges—and among other things I see, depreciation on machinery. You have been asked about your refrigeration machinery and you say that that was not a direct expense to butter. Where else would it be? It must be in here somewhere.

Mr. MAYBANK: It is not in either of these formulas.

Mr. HOMUTH: Did you say it was not?

Mr. MAYBANK: Maybe it is all fully depreciated, is it?

Mr. FREEMAN: No.

Mr. HOMUTH: I just wondered if your answer was wrong with regard to depreciation on machinery. The fact of the matter is that would come in—you refrigeration machinery would come in under that, I would think.

Mr. MAYBANK: There are compressors, aren't there? Would it all be depreciated?

Mr. FREEMAN: No, they are not all depreciated.

Mr. HOMUTH: I just wanted to check that answer of yours.

Mr. FREEMAN: No. As to depreciation, the answer of course, as Mr. Maybank says, is that the depreciation on butter was very low. That is shown in the right-hand column there under direct expense. The depreciation on oil

refrigerating machinery is charged entirely under cold storage, so it is not a direct expense and does not apply to this. This is for butter only.

Mr. MAYBANK: I see. In so far as the question of the depreciation of refrigeration machinery comes into the butter question at all it is to be found in the fact that you pay yourselves a cold storage rate?

Mr. FREEMAN: That is right. We pay ourselves a rate, then we take care of the depreciation of that machinery in cold storage statement.

Mr. LESAGE: It is in your cold storage statement?

Mr. MAYBANK: And if you were giving us a cheese statement it would not be found in that at all?

Mr. FREEMAN: No, it would not be found in cheese either.

Mr. MAYBANK: And that suggests that you give yourselves the rate on cheese too.

Mr. FREEMAN: Right.

Mr. MAYBANK: One of the witnesses told us, as I call it, that the storage charge for butter could easily be taken at $\frac{3}{8}$ cent per month. I notice you show your butter at $\frac{1}{2}$ cent a month.

Mr. FREEMAN: That rate of $\frac{3}{8}$ cent was calculated when butter was at 40 cents a pound. There has been an increase in storage rates and there has also been an increase in the value and it works out around 50 cents—we take $\frac{1}{2}$ cent—it works out anywhere from 48 to 52. It will all depend on conditions at the time you put it in store, and on the market. If it is stored in good supply with a low rate of insurance—say in a new building, you might set it down to .48 instead of .5, but if you are using an old building it will be a little higher than that.

Mr. MAYBANK: I do not think that statement was made by a butter man, by a man in the trade, I think it was made by Mr. Singleton on his recollection of what the price was.

Mr. McLEAN: I believe the reference was that the Wartime Prices and Trade Board set it.

Mr. LESAGE: You are correct.

Mr. MAYBANK: That is right.

Mr. LESAGE: Would 3 cents per pound of butter be a fair estimate of the cost of storage for the whole of the storage season on the average?

Mr. McLEAN: In other words, you are thinking on the basis of the average pound of butter in storage surplus?

Mr. LESAGE: About that.

Mr. McLEAN: I would say that would be approximately right.

Mr. LESAGE: Canada Packers put it at 2.91 cents.

The CHAIRMAN: I think we had better let counsel go on now.

Mr. MONET: Referring to your statement 3, Mr. Freeman, that is the profit and loss on butter operations for each of the eleven months ended February 28, 1948; I understand that the figures there, or the totals of the figures at any rate, are the same as the ones that are referred to in your earlier statement for the eleven months ended February 28, 1948, would that be correct?

Mr. FREEMAN: That would be correct.

Mr. MONET: But it does show your profit or loss on butter operations for each month during the period?

Mr. FREEMAN: Yes.

Mr. MONET: In other words, you have a total there for each of the months of the first eleven months of your current company year on your butter operations?

Mr. FREEMAN: That is right.

Mr. MONET: Now, I point out to you in the last column of this statement No. 3 that the first four months of the current fiscal year showed a loss; would that be correct?

Mr. FREEMAN: That is right.

Mr. MONET: And the highest loss you had was in the month of July when the loss was \$3,910.04?

Mr. FREEMAN: That is right.

Mr. MONET: And since the month of July I understand that every month profits were made.

Mr. FREEMAN: Yes, sir.

Mr. MONET: And the highest profit was in November, 1947, where it amounted to \$34,186.72?

Mr. FREEMAN: Yes.

Mr. MONET: And that would be your highest profit month for the months during the present fiscal year?

Mr. FREEMAN: Right.

Mr. MONET: I also point out to you that in the last column under the heading "per lb." that during the months of October and November your profit on a pound of butter was 3.577?

Mr. FREEMAN: That is right.

Mr. FLEMING: That is November and December?

Mr. MONET: Pardon me, November and December.

Mr. FREEMAN: That is right, yes.

Mr. MONET: And the average for all your butter operations in pounds for the current fiscal year for the first eleven months of your current fiscal year would be 1.89 cents?

Mr. FREEMAN: That is right.

Mr. MONET: Now, I want you to turn to page 4 of your statement, showing your holdings of butter. I wish to direct your attention to the amount of butter on hand at the end of the month, column 4, from July to October which, I understand, is the amount of butter kept for the winter months' sales; would that be correct?

Mr. FREEMAN: That is correct.

Mr. MONET: The amount would be roughly equivalent to two months' sales?

Mr. FREEMAN: No—well, depending on what two months.

Mr. MONET: Well, for the months following; take the month of July, for instance.

Mr. FREEMAN: Yes.

Mr. MONET: At the end of the month you had 1,302,000 pounds?

Mr. FREEMAN: That is right.

Mr. MONET: Now, would that be the equivalent of more than one month's sales? Take, for example, the following month, the month of August?

Mr. FREEMAN: Yes.

Mr. MONET: Where you sold 743,000 pounds?

Mr. FREEMAN: That is right.

Mr. MONET: And in the month of September, you sold 541,000 pounds?

Mr. FREEMAN: That is right.

Mr. MONET: So, your holdings at the end of the month of July were practically equivalent to the next two months' sales; would that be correct?

Mr. FREEMAN: Yes.

Mr. MONET: Would it be so for the next three months of the year 1947, August and September?

Mr. FREEMAN: No, the September holdings—that is at the end of the month?

Mr. MONET: Yes.

Mr. FREEMAN: —were not as large as the October and November sales.

Mr. MONET: Right, but your holdings at the end of July and your holdings at the end of August were practically twice as high as the two months' sales for the following months?

Mr. FREEMAN: That is right.

Mr. MONET: Would you compare, now, Mr. Freeman, your holdings as described in column 4 for the month of July, 1946 with July, 1947?

Mr. FREEMAN: Yes.

Mr. MONET: I note there would be a difference of close to a million pounds?

Mr. FREEMAN: That is right.

Mr. MONET: Will you also look at your holdings for August, 1946, at which time you had on hand 83,460 pounds and compare that with August 1947, when you were holding 1,203,000 pounds. Why were you holding so much butter in 1947 as compared with 1946 for the same months?

Mr. FREEMAN: Because in those two months of 1947, we were providing for the winter requirements of our trade which it was possible to do when controls were removed. In the previous year, the distribution of butter in the winter months was under the direction of the Wartime Prices and Trade Board, and there is a different situation there altogether.

Mr. MONET: I should like you to explain that difference in the situation because there is a very large difference in the amount of your holdings. I should like the members of the committee to have the explanation.

The CHAIRMAN: It is one o'clock. The meeting is adjourned.

The meeting adjourned to meet again at 4.00 p.m.

AFTERNOON SESSION

The committee resumed at 4.00 p.m.

The CHAIRMAN: The meeting will come to order.

Mr. IRVINE: Just before you start questioning the witness, I have a little matter I want to bring to the attention of the committee. I shall be just as brief as I possibly can. Sometime ago, when the Canada Packers were here, we discussed the increase in the price following the removal of the subsidies on butter. There was some dispute arose in the committee over the figures which I brought to the attention of the witness. I want to make that clear now so that when the next witness comes, counsel may settle, for all time, this issue.

Here is the problem. One pound of butter consists of .8 pounds of butter fat. The rest is made up of a certain percentage of water, salt, mineral ash and the like—perhaps some other things. There is no increase in the price of those things that are registered, so that the only increase in the cost of production, after the removal of the subsidy, was 8 cents a pound, but the butter was sold at 10 cents a pound in excess—this is the increase I am talking about—the butter was sold at an increase of 10 cents a pound when it only cost 8 cents more to make after the removal of the subsidies.

Now, that simply means that they made a clear 2 cents a pound on every pound of butter owing to the removal of the subsidies; that is my problem. I want counsel, when the next creamery representatives come here, to see whether I am in error on that or not. I was shown, in the evidence, to be in error because Mr. Lesage, for whose mind I have the profoundest respect, raised an objection and I sort of wilted. I think the case is a good one.

Mr. LESAGE: I do not want the figures given by Mr. Irvine to be on the record without questioning because I still hold they are wrong. I have proof of it in exhibit 52. It proves there was an increase in the price paid to the producers on butter fat, not of 10 cents, but of $8\frac{1}{2}$ cents—no, the price of butter was $8\frac{1}{2}$ cents. The increase in the price of butter was not 10 cents, but $8\frac{1}{2}$ cents, and the subsidy on butter fat was 10 cents.

The CHAIRMAN: Now, we have noted the two points of view and when the right time comes—

Mr. HOMUTH: Where are we at?

The CHAIRMAN: It will be a matter of dates, to find out. I am going to ask Mr. Homuth, unofficially, to look into that matter and report to the chair.

Mr. HOMUTH: I can answer it now.

Mr. MONET: The next witness will be a man who is interested in the dairy industry and he will be able to clarify that point, once and for all.

Now, Mr. Lesage, do you want to question the witness on the point you raised this morning concerning cheese? I think the witness has the information now. Before doing so, I should like to say that exhibit 62, Mr. Chairman, has been distributed to the members of the committee.

The CHAIRMAN: Yes.

Mr. MONET: Mr. Lesage, do you wish to question the witness on that point now?

Mr. LESAGE: My questioning will not be on exhibit 62, it will be on cheese.

The CHAIRMAN: Counsel started a line of questioning this morning, and I think he ought to finish. He was not finished at one o'clock, and I think he ought to finish.

Mr. LESAGE: I am in no hurry.

Mr. MONET: Would you turn, then, to statement No. 4? At the adjournment, I was asking you to compare the quantity of butter on hand at the end of the months of July, August, September and October of 1946 and 1947, and explain to the members of the committee why you were holding a larger amount of butter in 1947 than in 1946 for the corresponding months.

Mr. FREEMAN: In the months referred to in 1947, we were providing for our winter requirements. You will notice that in that calendar year, the total sales were 5,015,000 pounds. Now, the only comparable operation to that in the returns was in 1940, when the sales for the calendar year were 5,209,000 pounds. We were back to operating on our own, as it were, and providing for the winter requirements at the time, which we were unable to do in 1946.

Mr. MONET: Is that the only explanation you can give?

Mr. FREEMAN: Those were the months when that buying was taking place.

Mr. MONET: Still, as you already stated this morning, this balance at the end of each month for the months of July and August, particularly, were at least twice as much as the amount needed for a month's sales; is that correct?

Mr. FREEMAN: Quite right. We have to buy, in the period of long production against the period of short production.

Mr. IRVINE: Did you not have to do the same thing before as you are doing now?

Mr. FREEMAN: No, in 1947, we were providing for our winter distribution. In 1946, the winter distribution was taken care of by the Wartime Prices and Trade Board.

Mr. MONET: Do you mean that you didn't need as much butter in 1946 as in 1947 for carrying on your business?

Mr. FREEMAN: What is that again, please?

Mr. MONET: Did you need as much butter in 1946 as in 1947 for carrying on your business?

Mr. FREEMAN: We could not buy it in 1946.

Mr. MONET: And you did carry on your business just the same?

Mr. FREEMAN: We carried on as best we could.

Mr. McLEAN: May I attempt to explain that, Mr. Monet? During the period of control, all these figures for which you have asked, commencing with the year 1942—

Mr. MONET: We have not 1942.

Mr. McLEAN: 1943, then, 1944 and 1946, were periods when we operated under control. During that period, we did lose ground in the butter distributive business as compared with not only 1940, but 1939. If you refer to our peak stock in August, 1939, it compares very favourably with the peak stock we carried in 1947. During the two years prior to April, 1939 to 1940, our volume is approximately the same as 1947.

A more important point than that is, that during the eight months under review, June 1st to end of February 1947 and 1948, we turned our maximum stock of butter over approximately four and a half times, which proves that this butter was required for what we call our distributive trade. We were trying to get back into our rightful position in the butter distributive trade which we could not do under government control.

Mr. HOMUTH: Mr. McLean, the same picture is there for 1940.

The CHAIRMAN: Do you not think we ought to let counsel finish?

Mr. LESAGE: That is exactly what the witness said a minute ago.

Mr. MONET: Still, Mr. Freeman, coming back to the months of July, August and September, 1947, I should like you to tell the members of the committee why you kept two months' supply. It does not seem you did the same thing in the year 1946. Why did you keep two months' supply ahead for the months of July, August and September, 1947?

Mr. McLEAN: Well, we did the same thing in 1940.

Mr. IRVINE: Why did you do it then, that is the point?

Mr. MONET: At that time, was there not a shortage in sight?

Mr. McLEAN: There was a shortage in sight in 1946.

Mr. MONET: I am taking about July, August and September, 1947. Did you not say this morning there was a shortage in sight at that time?

Mr. McLEAN: It became apparent to the trade generally in September.

Mr. MONET: The price was also rising, was it not?

Mr. McLEAN: Not during July and August.

Mr. MONET: When did it start rising?

Mr. McLEAN: Let us say, the latter part of August.

Mr. MONET: There was a substantial increase between July and August amounting to about 5 cents and a fraction?

Mr. McLEAN: Possibly between the 1st of July and the last of August.

Mr. MONET: I should like you to give some explanation to the members of the committee as to why, at that specific period, you kept a two months' supply of butter ahead when there was quite a demand for butter?

Mr. McLEAN: Well, as you say, there was quite a demand, as is apparent from our sales figures during that period. We figured we required that quantity of butter if we were to get back into our rightful position in the distributive trade. I think that is the only explanation we can give.

Mr. MONET: Could you not sell more butter in the following months? For instance, could you not have sold more than you did?

Mr. McLEAN: If you want to boil these figures down, when was our peak stock in 1947?

Mr. MONET: It is up to you to give the answers, but it would appear to me as if it was September.

Mr. McLEAN: All right, September. In other words, if you want to add the months—in order to show the picture, let us add the months of October, November and December.

Mr. MONET: Yes?

Mr. McLEAN: In the three months, we turned over our stock twice. If you want to make a comparison of the months from October, November and December, if you just add those up quickly, you will see we distributed approximately 2,700,000 pounds against a peak stock of 1,395,000, and that peak stock was arrived at during our flush production period. If we had not accumulated that butter during that period, we would not have had a chance from September on.

Mr. MONET: If I look at 1946, I see that for practically every month of 1946, you never had more than one month or a little over one month's supply ahead?

Mr. McLEAN: The answer to that, Mr. Monet, is that the butter market was at the ceiling approximately at the middle of July, and it was practically impossible to buy butter from, let us say, the 1st of August on. As a matter of fact, we went beyond our usual source of supply and paid ceiling prices f.o.b. Quebec city, and were out of pocket the cartage to bring it into Montreal, and we kept buying as long as the product was available from that direction. The supply position became so drastic that the Wartime Prices and Trade Board had to take over distribution once again. Mind you, it must be kind of hard for you to believe that during 1946 as from the 1st of August it was almost impossible to buy butter in a wholesale way. I know that must be hard to understand but possibly some future witnesses might bear us out on that fact. I do not know.

Mr. MONET: Taking the last figure on this fourth column, the balance on hand at the end of the month, February, 1948, it shows a total of 326,774 pounds as against 98,883 at the end of March, 1947, which was the end of your fiscal year in 1947. Is that right?

Mr. FREEMAN: That is right.

Mr. LESAGE: Why not take February and compare it with February?

Mr. MONET: That is correct, 326,774 pounds on hand at the end of February, 1948?

Mr. FREEMAN: That is right.

Mr. MONET: As against 98,883 at the end of March which was the end of your fiscal year, 1947?

Mr. FREEMAN: That is right.

Mr. MONET: That would give a total of approximately 218,000 pounds, would it not?

Mr. FREEMAN: Right.

Mr. MONET: That is the balance on hand you had on February 28th, but is the cost of this butter included in the total cost of your purchase price as mentioned this morning?

Mr. McLEAN: May I attempt to explain those figures?

Mr. MONET: I wish you would.

Mr. McLEAN: In our figures showing sales and stock on hand there is a difference of 326,774 pounds unsold as at February 28th. We anticipated this question from you, and we have tallied our purchases for the year and our sales for the year, and we are working on the assumption that this unsold position at February 28th will be sold at ceiling prices.

Mr. MONET: That is what I was going to ask you.

Mr. McLEAN: In other words, you want to know at how much our total inventory, including our unsold position, was sold, and the average gross profit and net profit per pound.

Mr. MONET: That is what I want to know.

Mr. McLEAN: We have that explanation for you. Our total sales were 6,353,523 pounds. Our gross profit was \$222,732.57. Our gross profit per pound was 3.505. Our net profit was \$168,734.44 which shows a net profit per pound of 2.65 cents. During the period under review from April 1, 1947 to March 31, 1948, our average selling price, including this unsold balance as at February 28th, is 60.261 cents per pound.

Mr. MONET: What did you say that other figure was, 2.65?

Mr. McLEAN: Net. We will come back to that. Our average selling price on the 6,353,523 pounds was 60.261 cents per pound. The average purchase cost of that butter was 56.756 cents per pound.

The CHAIRMAN: I think you had better go a little slowly on those figures. Some members of the committee are trying to get them.

Mr. IRVINE: Can we not get a copy of that?

Mr. McLEAN: We have copies for every one of you.

The CHAIRMAN: Let us distribute them right away. Those are not all the figures you gave a moment ago.

Mr. MONET: Those are the figures he has just given.

The CHAIRMAN: He was reading some figures.

Mr. MONET: I think this should be filed as a separate exhibit.

The CHAIRMAN: Exhibit No. 63.

EXHIBIT No. 63.—Statement as to net and gross profit on butter sales,
Lovell & Christmas (Canada) Limited.

LOVELL & CHRISTMAS (CANADA) LIMITED

Period	Months	Sales in pounds	Gross profit	Profit per lb. (Cents)	Net profit	Profit per lb. (Cents)
April 1, 1946 to March 31, 1947....	12	2,478,343	\$ 12,734.41	.513	\$ 10,916.52	.440
April 1, 1947 to March 31, 1948....	12	6,353,523	222,732.57	3.505	168,734.44	2.65

April 1, 1947 to March 31, 1948

	Cents per pound
Average selling price	60.261
Average purchase cost	56.756
Gross profit	3.505
Net profit	2.65

Mr. McLEAN: In other words, this should reveal to you our complete butter operations for the fiscal year commencing April 1, which includes our stock of 326,774 pounds unsold at February 28. We are going on the assumption that quantity will be sold at the ceiling price.

Mr. MONET: That is the question I was going to ask you. I take it this exhibit reveals a net profit of 2.65 cents a pound.

Mr. McLEAN: Correct.

Mr. MONET: On your butter operations?

Mr. McLEAN: Yes, sir.

Mr. MONET: Instead of 1.89 as shown on statement No. 3 filed as an exhibit?

Mr. McLEAN: That is correct.

Mr. MONET: You have certainly foreseen what I wanted because that was one of the questions I had to ask. That is all for these witnesses for the present.

The CHAIRMAN: Will the committee excuse me for a minute?

Mr. MONET: Do you think this is a fair and reasonable profit on your operation?

Mr. FREEMAN: We think it is an unusual profit. We are the first to admit it. It was one that we did not foresee until very late in the season.

Mr. MONET: In percentage what would you say this profit is equivalent to if you compare it with former years?

Mr. McLEAN: It is considerably higher.

Mr. FREEMAN: It is very much higher.

Mr. MONET: Higher than for how many years past, since you have been in business?

Mr. FREEMAN: Many years past.

Mr. MONET: What do you mean by "many years"?

The CHAIRMAN: Is it not a fact you have never had as high a profit?

Mr. FREEMAN: That is more like it.

The CHAIRMAN: You never had a profit like that?

Mr. FREEMAN: Never had a profit like that.

Mr. McLEAN: We doubt if we ever will again.

Mr. FLEMING: May I ask the witnesses to turn to pages 3 and 4—

Mr. LESAGE: Could I be given the figures I ask for this morning?

The CHAIRMAN: You will remember, Mr. Fleming, that earlier in the day Mr. Lesage tried to ask some questions. I suggested that he wait until counsel was finished. I merely point out I should recognize him first, but if he gives way to you it is all right. I did interrupt him at one point. Do you give way to Mr. Fleming?

Mr. LESAGE: I think I should have the figures I asked for first.

Mr. FLEMING: I do not ask Mr. Lesage to give way to me.

The CHAIRMAN: It is all right.

Mr. FLEMING: I do not ask anybody to give way to me.

The CHAIRMAN: The point is you were questioning. I should have said to you earlier I had stopped him, and that I should recognize him first.

Mr. FLEMING: I understand.

The CHAIRMAN: I want to be fair.

Mr. FLEMING: Quite. I do not want Mr. Lesage to think I was asking him to give way to me.

The CHAIRMAN: I was the one who was doing the asking.

Mr. FLEMING: I did not want him to think I backed up your request.

Mr. LESAGE: Mr. McLean, can you give me the figures I asked for this morning?

Mr. McLEAN: There was a slight misunderstanding between you and me as I found out at 4 o'clock. I did not know you wanted profit figures on cheese. I gave you that one figure, and you said—

Mr. LESAGE: Will you give it to the members of the committee?

Mr. McLEAN: You said you wanted to get a comparison. Why not get the whole information you require and put it in letter form to you?

Mr. LESAGE: I understand for the eleven months ending on the 28th of February your sales of cheese were \$2,300,000?

Mr. McLEAN: That is right.

Mr. LESAGE: Which would be over 40 per cent of your total sales of cheese and butter?

Mr. McLEAN: As I explained to you when you were over here what you must do is convert sales value back into poundage.

Mr. LESAGE: Why do you do that?

Mr. McLEAN: Well, to figure out the amount of volume handled.

Mr. LESAGE: I understand that the administration and selling expenses should not be apportioned as much on the pounds as on the value?

Mr. McLEAN: That could be a matter of opinion.

Mr. LESAGE: There is no special reason for apportioning it in pounds because if I understand correctly a box of cheese has 88 pounds and a box of butter has 56 pounds.

Mr. McLEAN: I will explain it to you this way. With the amount of money involved in cheese, and the amount of money involved in butter, provided it is exactly the same, there is twice as much volume tied up in cheese because it is approximately half the price. Therefore you have to figure it in terms of poundage because it takes as much of the management's attention to direct traffic of the 40,000 cheese as it does the 20,000 butter.

Mr. LESAGE: 20,000?

Mr. McLEAN: The relationship is approximately that for \$1 you buy two pounds of cheese and one pound of butter. That is why I took the sales value and converted it into poundage because it represents twice the volume in terms of cheese as in butter, and we are talking in terms of the distributing of administrative expense. Therefore you should speak in terms of the volume of the product you have to market, in terms of pounds rather than dollars.

Mr. LESAGE: What does it mean in pounds?

Mr. McLEAN: Approximately 9,200,000 pounds of cheese.

Mr. LESAGE: How much?

Mr. McLEAN: 9,200,000 pounds of cheese, and add that on to our butter volume of 6,400,000. That adds up to 15,600,000; take 40 per cent of that and it gives you 6,240,000, and the butter volume was 6,350,000, so it substantiates our 40 per cent.

Mr. LESAGE: I also asked for your profit on cheese but you have not got it here. You can supply that figure to the committee?

Mr. FREEMAN: Yes.

Mr. LESAGE: I also asked for the same figures for the years 1939 to 1947 inclusive but I understand you have not got them here and you are going to file them. Is that correct?

Mr. McLEAN: If it is important.

Mr. LESAGE: Well, I do not want to say—

The CHAIRMAN: I think it has a bearing, not a great bearing.

Mr. LESAGE: I do not want to say it is of first importance, but I am troubled about it. I will speak frankly to you. I do not want to put you in a bad spot, but in 1944, 1945, 1946 and 1947 you show losses in the butter department.

Mr. McLEAN: Yes.

Mr. LESAGE: This year you arrive, by the calculation you have just made, to a proportion of about 60 per cent to 40 per cent in cheese and butter. That is correct?

Mr. McLEAN: Yes.

Mr. LESAGE: You have to admit that in the last preceding years the proportion of the sales of butter to cheese was not as high as this year. That is correct?

Mr. McLEAN: We haven't that information with us.

Mr. LESAGE: No, but you would know that; you would know the proportion of cheese last year and in each of the preceding years?

Mr. McLEAN: How far back do you want to go?

Mr. LESAGE: The last four years.

Mr. McLEAN: I would not want to answer that statement without having the facts and figures before me.

Mr. LESAGE: I think Mr. Freeman will admit that for the last four years the proportion would be higher for cheese, and much higher, going as far as 75 to 25.

Mr. McLEAN: You tell us what you want and we will get it for you.

Mr. LESAGE: You know the business very well and you have been in it all during the war years and you know you sold much more cheese than butter. You will admit that?

Mr. McLEAN: I would say, yes.

Mr. LESAGE: Yes. Then the proportion would not have been 60 to 40. I am not blaming you for adopting this proportion but I want a clear picture for the benefit of the committee. I am not blaming you in any way.

The CHAIRMAN: Specifically, what is it you want to know, Mr. Lesage?

Mr. LESAGE: I have asked for it.

The CHAIRMAN: Do you understand what Mr. Lesage is asking you for? You might ask him again, Mr. Lesage.

Mr. LESAGE: The dollar value and the poundage of cheese sold from 1938 to 1947 inclusive, for each year.

The CHAIRMAN: Now, is there any difficulty in getting that information?

Mr. McLEAN: Well, Mr. Martin, we don't keep those records. It would take a little time but we could get it for you.

The CHAIRMAN: All right.

Mr. LESAGE: I would like to have it in dollars if I cannot have it in pounds.

Mr. McLEAN: Oh, yes.

Mr. LESAGE: And when it is in dollars would you give us an approximation of what it would be in pounds?

Mr. McLEAN: Yes, we could do that.

Mr. MacINNIS: I think you should have it in both pounds and dollars.

The CHAIRMAN: Mr. MacInnis asked for a breakdown of that direct expense. We will have that too?

Mr. McLEAN: Yes, sir. I think we have that explanation.

The CHAIRMAN: Oh well, you can give that.

Mr. LESAGE: Would you take Statement No. 2.

Mr. McLEAN: Pardon me just one minute; I think you and I are talking cross purposes here. You asked me at 4 o'clock for our cheese results. I understood you to ask for it this morning, and you have asked for it again.

Mr. LESAGE: I have asked this morning and I am always asking for the same thing, the same figures in cheese that we have been given in butter. The first column is poundage and then the profit or loss. That is what I have been asking for since this morning.

Mr. McLEAN: You did not ask that again just a minute ago?

Mr. LESAGE: I did not go into all the details

Mr. McLEAN: If you do not go into the details we do not know what you want.

Mr. LESAGE: Well, Mr. Chairman, I asked this morning and I just ask, one by one, if he could give us the items of information in which I am interested.

The CHAIRMAN: I think you will find you will get along easier if you just try to ask questions.

Mr. LESAGE: I think the witness knows what I want.

Mr. McLEAN: It is not very clear yet.

The CHAIRMAN: The witness says it is not clear yet.

Mr. LESAGE: Well, I will repeat it. Would you look at Statement 2, please. We look at column 1, for butter. Can you give me exactly the same information for cheese?

Mr. McLEAN: Yes sir.

The CHAIRMAN: That is better.

Mr. LESAGE: Would you add for each year the approximate conversion in pounds of cheese?

Mr. McLEAN: Yes.

Mr. LESAGE: Now, would you look at the last column and give me the same figures for the cheese department. That is the information I want. Is that clear to you now, Mr. McLean.

Mr. McLEAN: Yes, Mr. Lesage.

Mr. LESAGE: Now in proportions—I do not have the figures in the two lots. I suppose I have them in the sense that I did receive the proportion of cheese to butter in 1945, that it was 75 to 25 per cent. What would have been your loss of profit on butter if you had taken that basis for calculating or anticipating your selling expenses?

Mr. McLEAN: In other words, if our 60/40 is not correct for purposes of comparison with these figures we will work out the others for you.

Mr. LESAGE: Exactly, if it is 75/25.

Mr. McLEAN: Yes, or suppose it is 40/60 or 44/60 or 62/38—I take it that you want it for each year. Is that what you mean?

Mr. LESAGE: No, I can work it out if I have the number of pounds. I am asking you now what it would have meant if it had not been 75/25 in 1945. It was \$18,992.41, which is approximately \$19,000, and that was 40 per cent of your expenses?

Mr. FREEMAN: Right.

Mr. LESAGE: What is 25 per cent of that?

Mr. McLEAN: We know what you want now.

Mr. LESAGE: Yes. Divide 19 by 4—

Mr. WINTERS: \$47,000.—somewhere around \$27,000. Then you take 25 per cent of that, which comes to about \$12,000; so instead of \$18,000 administrative and selling expense against butter you would have something like \$12,000.

Mr. LESAGE: Which would mean that the loss instead of being \$18,000, would be approximately \$1,000.

Mr. WINTERS: That is right.

Mr. LESAGE: And in 1946, there would not have been any loss at all.

Mr. WINTERS: Yes.

Mr. LESAGE: Anyway, we will have the figures. Will you look at Statement 4—

Mr. MONET: You will evidently want it for the period ending February 29?

Mr. LESAGE: Yes, I do.

Mr. McLEAN: We will duplicate page 2.

Mr. LESAGE: If you would be good enough to do that that would be the best way out.

Mr. McLEAN: Yes.

Mr. LESAGE: Would you look at Statement 4, and tell me—look at column 3, sales during the month—I am looking especially at sales in 1947 from June to December inclusive; does it include sales made for butter which after the actual sale remain on your premises in the name of same buyer?

Mr. McLEAN: It includes our total sales during that period, part of the butter was delivered and part remained in our warehouses or storage.

Mr. LESAGE: Some was your property and some was the property of others but it remained in your storage?

Mr. McLEAN: I will explain it to you this way, Mr. Lesage; you take our November volume, 955,000 pounds, that is the butter we sold in total. Part of that might have been shipped out a carload here and a carload there, or 100 boxes to this customer or 50 boxes to that customer; or some of it might have been sold to a customer for storage to look after his requirements during the winter. Is that clear?

Mr. LESAGE: That is the answer, yes. You do not have as we asked Canada Packers, for instance, the average of the purchase cost of one pound of butter for each month from 1947?

Mr. McLEAN: No, sir, we do not have that.

Mr. LESAGE: You did not work it out?

Mr. McLEAN: No, sir.

Mr. LESAGE: We had that from Canada Packers and I was just wondering if you also had it.

Mr. McLEAN: No, we haven't done that, but we have the average covering our total.

Mr. WINTERS: Will you explain why your sales figures on Statement 4 do not agree with the sales figures for the same month on statement 3; has that been explained?

Mr. MONET: No.

Mr. LESAGE: We have a column which gives the cost of purchases.

Mr. BEAUDRY: The average cost of butter month by month.

Mr. LESAGE: It is not here.

Mr. McLEAN: I beg your pardon?

Mr. LESAGE: The last three columns of Statement 4.

Mr. BEAUDRY: I think Mr. Lesage means the average cost by months and the total that you are carrying, and the average cost over the year. Canada Packers gave us that figure of their average costs by months, cumulative; in other words, for March we had the average cost of purchased for the first three months.

Mr. McLEAN: Where do you want to start with that, Mr. Lesage?

Mr. LESAGE: I am all right. I find what I want here.

Mr. FLEMING: Mr. Chairman, I believe Mr. Lesage is finished now. Would you look at the bottom of pages 3 and 4, and starting with the bottom of page 2—pages 2, 3 and 4—you have the average for the eleven months ending February 29, 1948; the net profit on your butter operations before taxes on income is \$113,000, in round figures.

The CHAIRMAN: I wonder if I may interrupt for a moment and ask Mr. Homuth to assume the chair? I have to leave.

(Mr. Homuth, Acting Chairman)

Mr. FLEMING: You have described that profit, Mr. Freeman, as an unusual profit; is that correct?

Mr. FREEMAN: Correct, yes.

Mr. FLEMING: As I understand the evidence given here part of that profit attributable to the advance in price and part of it is attributable to the increase in the volume of turnover?

Mr. FREEMAN: Right.

Mr. FLEMING: Those are the two factors which enter into this result?

Mr. FREEMAN: That is right.

Mr. FLEMING: Now, trying to come a little closer at the proportions contributed by these two factors, can you tell the committee without too much delay in calculation what your profit would have been, that is your net profit, corresponding to this figure of \$113,000, on the same volume of turnover as in the eleven months of the immediately preceding fiscal period applying your average selling price in each case?

Mr. McLEAN: It will be difficult to estimate that because it would depend on what level we purchased the butter at.

Mr. FLEMING: I was taking it at your average figure, your average profit per pound. We have these figures on the average profit per pound, and while we appreciate that there must be some question about justifying the average profits on the first eleven months ended February 29, 1948, as compared to the eleven months of the previous fiscal year on the turnover of the similar period, it might be of some assistance to us, and I am trying to find out how much of that \$113,000 is attributable to the advance in price and how much is attributable to increased volume?

Mr. McLEAN: During the twelve-months' period under review in 1946, the volume was two million seven; during the twelve-months' period April 1 to—

Mr. FLEMING: Excuse me, you are taking the calendar year there.

Mr. McLEAN: Yes. We would have to subtract.

Mr. FLEMING: Let us take the eleven months for the previous year that correspond with the eleven months ended February 29, 1948, during which you attained this net profit of \$113,000.

Mr. McLEAN: A rough figure would be approximately half.

Mr. FLEMING: About half is attributable to the increased volume and about half is attributable to the advance in price?

Mr. McLEAN: Yes.

Mr. FLEMING: I am speaking of that figure \$113,000. Now, if you will look at the bottom of Statement No. 3 I see that your margin of profit per pound as well as your margin of over-all profit on butter has been dropping during January and February of this year?

Mr. LESAGE: We do not have a quorum now, Mr. Chairman.

The ACTING CHAIRMAN: I was just going to draw your attention to that fact and we might have to recess.

Mr. LESAGE: I think Colonel Merritt should stay for a little while. I do not think he should take advantage of what is going on in the House.

Mr. MERRITT: I will not break up your meeting.

Mr. WINTERS: Hear, hear.

The ACTING CHAIRMAN: The fact of the matter is that under the committee rules we could not carry on unless we had a quorum.

Mr. MERRITT: Well I hope you will make it interesting.

Mr. WINTERS: It would depend on whether you could see a quorum. Mr. Chairman.

Mr. FLEMING: I am just waiting for the answer. I think the witness is doing a little figuring.

Mr. McLEAN: Mr. Fleming, I think this is the answer to your question. You are saying the margin of profit from November to February dropped.

Mr. FLEMING: No I said your margin per pound as well as your over-profit dropped in both January and February of this year.

Mr. McLEAN: Yes, I think the answer possibly might be that during January and February we bought all the butter we could at ceiling prices, replacing what we were selling, raising the average cost of the butter we owned, and that act reduced the margin of profit per pound sold.

Mr. FLEMING: That is what I want to get at. If you will look at Statement No. 4, the last two lines, it shows that in January you purchased more than you sold by about 92,000 pounds and in February you sold more than you bought approximately 320,000 pounds.

Mr. McLEAN: That is right—we sold 200,000—we reduced by 200,000.

Mr. FLEMING: You sold about 328,000 pounds more than you bought in February?

Mr. FREEMAN: That is right.

The ACTING CHAIRMAN: Yes.

Mr. FLEMING: So your margin of profit is reduced owing to the fact your purchases are at substantially reduced prices during the last two months.

Mr. McLEAN: Yes, if you will look at this figure, our purchase in February were 239,000 pounds of butter at an average cost of 66.27 cents, and we sold during that same period 557,000 pounds of butter at an average of 65.88 cents. Now in a normal market that is the case of losing money pretty fast.

Mr. FLEMING: Yes, and I wanted to draw your attention to that fact. Your margin of profit in January had dropped to about 1.1 cents per pound.

Mr. McLEAN: Yes.

Mr. FLEMING: Then in February, while you are buying substantial amounts of butter, really more than you bought in January, you are paying more for it than you are selling it for.

Mr. McLEAN: That is correct.

Mr. WINTERS: Well, how does that compare with the figures on Statement No. 3 which shows a profit for those same months?

Mr. FLEMING: No, Statement No. 2 does not segregate those two months.

Mr. WINTERS: I am sorry, it is Statement No. 3.

Mr. FLEMING: Can you clear up Mr. Winters' point? What he is pointing out is that Statement No. 2 shows that in average terms you are sustaining a loss of .39 cents per pound of butter but your last figure on Statement No. 3 shows net departmental profit of .8 cents per pound?

Mr. McLEAN: Well, Mr. Fleming, we answered the questions as they were presented to us and the questions as asked did not reveal the answer you want. Therefore, we lined up a supplementary sheet which was not asked for because the figures did not include the inventory. We lined up a supplementary sheet which we went over with your auditor and Mr. Monet. May I explain it to you in another way? If you buy butter at 66 per pound and sell butter at 65 cents per pound you lose a cent per pound, but supposing you had butter in hand bought at 63 cents per pound and you sold that butter during the same period you would show a profit.

Mr. FLEMING: I think that is clear now, and the figures on statement 4 relate simply to the average price at which you purchased butter during that period and the average price at which you sold butter.

Mr. McLEAN: That is right.

Mr. FLEMING: And Statement No. 3 would be on a proper basis—it would include your inventory and profit on sales made in February on butter purchased in an earlier period at a lower price?

Mr. McLEAN: Yes, in other words the right hand columns of statement 4 do not reveal our butter operations. It shows a spread between that we bought and that we sold but our inventory was priced below the market. We gave you a supplementary sheet to give you more information than that which you asked. I think that statements must be here somewhere.

Mr. MONET: Yes, I think it is on Statement 4.

Mr. LESAGE: It is on Statement 3.

Mr. MONET: Yes, it is on Statement 3, Mr. McLean.

Mr. McLEAN: Yes, but it is not in Statement 4.

Mr. MONET: It is contained in Statement 3 in the last column.

Mr. FLEMING: I think you have cleared up the point to my satisfaction at last. Now is it fair to say the margin between the price at which you are selling and the price at which you have been buying butter within the last month or two has closed right up?

Mr. McLEAN: What do you mean?

Mr. FLEMING: The margin between what you are buying at and what you are selling at has closed right up within the last two months.

Mr. McLEAN: Definitely; as a matter of fact, with the ceiling price there is one-half cent per pound between the wholesale selling price to the producer on a car of butter sold to a broker—and what we are allowed to sell in solids in our trade.

Mr. FLEMING: As things stand now the period which has been called an unusual profit period has ended?

Mr. McLEAN: Oh, definitely.

Mr. FLEMING: Butter was decontrolled I believe in June of last year.

Mr. McLEAN: June, 1947.

Mr. FLEMING: Were there conferences between the trade and the Wartime Prices and Trade Board prior to the decontrol of butter?

Mr. FREEMAN: There were conferences between the Wartime Prices and Trade Board—

Mr. FLEMING: —and the trade?

Mr. FREEMAN: Yes, through the National Dairy Council.

Mr. FLEMING: What was the purpose of those conferences?

Mr. FREEMAN: The purpose of those conferences was to consider the position that was developing in respect to butter.

The Chairman, Hon. Paul Martin, resumed the chair.

Mr. FLEMING: What was the position you are referring to?

Mr. FREEMAN: It was a position of shortage.

Mr. FLEMING: Was the subject of decontrol discussed in the light of the imminent shortage?

Mr. FREEMAN: I was not at those meetings. We are members of the National Dairy Council and I believe those meetings have been referred to in Mr. Taylor's evidence.

Mr. FLEMING: Yes, there have been references made to them but I would like to have your knowledge as to what transpired. You were represented at the conferences, I take it?

Mr. FREEMAN: No, other than we were represented in the way that we are members of the National Dairy Council.

Mr. FLEMING: Well, the council represented its members.

Mr. FREEMAN: That is right.

Mr. FLEMING: I want your information as to what occurred at those conferences. It appeared there was an imminent shortage.

Mr. FREEMAN: That is right.

Mr. FLEMING: And I asked if decontrol was discussed at those conferences in the light of the imminent shortage of butter?

Mr. McLEAN: Would you mind asking that question again, Mr. Fleming?

Mr. FLEMING: I am asking whether at the conferences the subject of decontrol of butter was discussed in the light of the imminent shortage?

Mr. McLEAN: May I say this, Mr. Fleming. I am not avoiding the issue in question but I believe Mr. Duplan is here. He is the president of the National Dairy Council and he could answer the question much better than we could now. I understand he is being called as a witness.

Mr. MONET: Yes, Mr. Duplan will be called.

Mr. FLEMING: I will not try to obtain second-hand information from you then, if we can get first-hand information from Mr. Duplan.

Mr. MONET: I should say that the company with which Mr. Duplan is associated will be here. The president has been summoned and I have been told that Mr. Duplan would be here, although he is not the president.

Mr. FLEMING: Do I understand Mr. Duplan was then the president of the National Dairy Council and that he participated in these conferences?

Mr. MONET: Mr. Duplan will be called.

Mr. McLEAN: Mr. R. C. Smellie was president at that time but Mr. Duplan is the president now and he can speak with much more authority than can we in view of the fact that we did not attend the meetings even though we were full-fledged members of the National Dairy Council.

Mr. FLEMING: Very well. Were you called upon to supply any figures to the government or to the Wartime Prices and Trade Board at that time?

Mr. FREEMAN: No.

Mr. FLEMING: Was the subject of profits which might be expected in the event of decontrol and in the light of the imminent shortage of butter discussed?

Mr. LESAGE: When was that?

Mr. FLEMING: We are discussing the time immediately prior to decontrol.

Mr. LESAGE: Last May?

Mr. FLEMING: Yes.

Mr. LESAGE: There was no imminent shortage at that time.

Mr. FLEMING: The witness said that there was.

Mr. FREEMAN: Decontrol took place on June 9 and these meetings were not prior to June 9, they were subsequent.

Mr. FLEMING: I wish you had said so because I asked you a question concerning the period prior to decontrol. When did these conferences take place?

Mr. FREEMAN: In September and December.

Mr. FLEMING: September and December?

Mr. FREEMAN: Last, yes.

Mr. FLEMING: Were either of you gentlemen present at either of these conferences?

Mr. FREEMAN: No, sir.

Mr. FLEMING: Where were these conferences held?

Mr. FREEMAN: In Ottawa.

Mr. FLEMING: Were they held with the Wartime Prices and Trade Board or with representatives of the government?

Mr. FREEMAN: The Wartime Prices and Trade Board.

Mr. FLEMING: What was the purpose of the conference, now that you have given me this later period?

Mr. FREEMAN: The purpose of the conference was to consider the position which was developing in the butter market.

Mr. FLEMING: Now, let us take September, first, Mr. Freeman; what was the position which was developing in September that was discussed?

Mr. LESAGE: He does not know, he was not there.

Mr. FLEMING: He can tell us what the position was.

Mr. FREEMAN: I was not there.

Mr. FLEMING: You referred to the position developing on the market and said it was to discuss that position that the conference was called. What was that position in September?

Mr. FREEMAN: An impending shortage of butter.

Mr. FLEMING: Was it quite clear at that time that there was going to be a serious shortage develop during the winter?

Mr. FREEMAN: It looked that way at that time, yes.

Mr. FLEMING: There had been a free market, as to price at that time, for three months?

Mr. FREEMAN: Since June 9.

Mr. FLEMING: Three months?

Mr. FREEMAN: Yes.

Mr. FLEMING: Was there anything said at that time about the re-imposition of ceilings?

Mr. FREEMAN: I cannot say, I do not know.

Mr. FLEMING: Were you called upon to give any information about the profit you were then making on butter?

Mr. FREEMAN: No.

Mr. FLEMING: Were these figures on your profit available to the National Dairy Council, your representative?

Mr. FREEMAN: No.

Mr. FLEMING: They were not?

Mr. FREEMAN: No.

Mr. FLEMING: Then, coming down to December, was that also a conference at Ottawa?

Mr. FREEMAN: Yes.

Mr. FLEMING: We had a reference the other day in the evidence by Mr. McLean of Canada Packers, to a conference which was held by the Minister of Agriculture at the end of December or the first of January. Would that be the same conference to which you refer or would that be another one?

Mr. FREEMAN: No, these are conferences with the National Dairy Council.

Mr. FLEMING: With the Wartime Prices and Trade Board?

Mr. FREEMAN: Yes.

Mr. FLEMING: This one, you say, was in December?

Mr. FREEMAN: Yes.

Mr. FLEMING: Now, the position at that time was that the market was advancing rapidly, the price was advancing rapidly?

Mr. FREEMAN: That is right, yes.

Mr. FLEMING: The shortage that had been feared in September had developed?

Mr. FREEMAN: It had become real.

Mr. FLEMING: Yes, it had become a very real threat, by that time, had it not?

Mr. FREEMAN: Yes.

Mr. FLEMING: Was that position well known throughout the trade and to the Wartime Prices and Trade Board?

Mr. FREEMAN: That position was well known throughout the trade, throughout the industry.

Mr. FLEMING: Were you called upon to supply any figures concerning profits at that time?

Mr. FREEMAN: This is the first occasion on which we have been called upon to supply figures on profit.

Mr. FLEMING: Your company?

Mr. FREEMAN: Yes.

Mr. FLEMING: Then what was the outcome of the December meeting?

Mr. FREEMAN: The outcome of the December meeting was that those of us who gathered there unanimously agreed that we should suggest to the government that the question of imports be studied further and that a price ceiling be imposed.

Mr. FLEMING: You say, "those of us who were there", suggested that. I did not understand you were there.

Mr. FREEMAN: Yes, I was at that meeting.

Mr. FLEMING: You were at the December meeting?

Mr. FREEMAN: There were three meetings.

The CHAIRMAN: Let us identify these meetings. We have two December meetings. We now have a meeting with the Wartime Prices and Trade Board.

Mr. FREEMAN: No, we are away from that.

Mr. FLEMING: Just to clarify the meetings, give them in sequence.

Mr. FREEMAN: The meetings between the National Dairy Council and the Wartime Prices and Trade Board were September 16 and December 2.

Mr. FLEMING: Was there a third meeting?

Mr. FREEMAN: There was a third meeting, not with the Wartime Prices and Trade Board.

Mr. FLEMING: With whom was that?

Mr. FREEMAN: With the Department of Agriculture.

Mr. FLEMING: Was that the meeting with the minister?

Mr. FREEMAN: Yes, sir.

Mr. FLEMING: Is that the meeting we heard about from Mr. McLean of Canada Packers?

Mr. FREEMAN: Yes, sir.

Mr. MONET: Do you know the date of that?

Mr. FREEMAN: December 29.

Mr. FLEMING: With the Minister of Agriculture?

Mr. FREEMAN: Yes.

Mr. LESAGE: Were you there?

Mr. FREEMAN: On December 29?

Mr. LESAGE: Yes.

Mr. FREEMAN: Yes.

Mr. FLEMING: You were not at the meeting on September 16 or December 2 with the Wartime Prices and Trade Board?

Mr. FREEMAN: That is right.

Mr. FLEMING: You were at the meeting on December 29?

Mr. FREEMAN: That is right.

Mr. FLEMING: You referred to certain suggestions being made, including the suggestion for the re-imposition of a ceiling price on butter.

Mr. FREEMAN: Yes.

Mr. FLEMING: Did those suggestions come out of the meeting of December 22 or 29?

Mr. FREEMAN: December 29.

Mr. FLEMING: The conference with the minister; do I understand that the suggestions for the re-imposition of the ceiling price on butter came from you and persons engaged in the business like yourself?

The CHAIRMAN: He did not say he made the suggestion.

Mr. FLEMING: If I may put my question, it is a fair question.

The CHAIRMAN: This witness has not said he made the suggestion. Your question stated that he did make that suggestion, he and others.

Mr. FLEMING: The question will elicit the information. The statement, if you want to repeat it, which the witness made earlier was that suggestions were made by those who were present.

Mr. McLEAN: It was unanimously agreed; that is the way I heard it.

Mr. FLEMING: By those who were at the meeting, and he was at the meeting.

Mr. FREEMAN: That is right.

Mr. FLEMING: Do I understand that you and others attending this meeting with the minister agreed unanimously, and asked for the re-imposition of the ceiling on butter?

Mr. FREEMAN: That is right.

Mr. FLEMING: Who were the others represented at that meeting or who attended it?

Mr. FREEMAN: I cannot recall.

Mr. FLEMING: Perhaps your memory does not enable you to give us the roster of those present, but what kind of people were they?

Mr. FREEMAN: I would say they were producers and trade representatives, producers and distributor representatives.

Mr. FLEMING: Whom do you mean by "producers"?

Mr. LESAGE: If you had been here last week, you would know that Mr. Turnbull of the Co-op was there.

Mr. FLEMING: Perhaps we could get on faster without interruptions of that kind.

Mr. FREEMAN: Mr. Turnbull was there.

Mr. FLEMING: Mr. Turnbull was there?

Mr. LESAGE: And Mr. McLean.

Mr. FREEMAN: Mr. McLean was there and I was there.

Mr. FLEMING: Any others whom you recall?

Mr. FREEMAN: Mr. Olive was there.

Mr. FLEMING: About how many people were there?

The CHAIRMAN: May I suggest something to you, Mr. Fleming—

Mr. FLEMING: I am always amenable to suggestion.

The CHAIRMAN: —with the idea of saving time, the fact is that there was unanimous agreement about the ceiling and the ceiling was put on on the 19th of January, need we pursue it?

Mr. FLEMING: I am interested in knowing who were the people who asked for the re-imposition of the ceiling. I think it is a rather interesting point.

Are there any others whom you can call to mind?

Mr. FREEMAN: Yes, Mr. Olive was there.

Mr. FLEMING: Any others?

Mr. FREEMAN: That is all I can think of at the moment.

Mr. FLEMING: Perhaps you can help us on this; those interests that were represented, you have indicated the producers were represented, the distributors were represented and the butter trade?

Mr. FREEMAN: Yes.

Mr. FLEMING: Any other particular interest?

The CHAIRMAN: We will adjourn until after this vote has been taken in the House. We will return as soon as the vote has been taken.

—On resuming.

The CHAIRMAN: All right, continue Mr. Fleming, just as though nothing had happened.

Mr. FLEMING: We were dealing with the meeting of December 29. You had indicated some of the people who were at the meeting, and I think you indicated that the producer interests and distributor interests were represented at the meeting, and that all represented there were unanimous in favour of the re-imposition of ceilings. Do I understand you made the request for the re-imposition of ceilings to the government?

Mr. FREEMAN: No, we offered that as a suggestion.

Mr. FLEMING: Did the suggestion originate with you and others represented there or with the minister?

Mr. FREEMAN: Yes, the suggestion originated with the members gathered together there.

Mr. FLEMING: Not with the minister?

Mr. FREEMAN: No.

Mr. FLEMING: Did you suggest any particular ceiling price?

Mr. FREEMAN: No, we did not.

Mr. FLEMING: Was the amount of the ceiling price or a particular figure discussed?

Mr. FREEMAN: No.

Mr. FLEMING: It was just a general request from you and others like you for re-imposition of ceilings?

Mr. FREEMAN: That is right.

Mr. FLEMING: Why did you make that request? I do not mean you especially but you and the others who did make it.

Mr. FREEMAN: Well, I will have to tell you why I was in favour of that, because butter was getting into such short supply that if a ceiling had not been imposed I felt the price would go much higher, and it would not be beneficial to the industry as a whole.

Mr. FLEMING: Was there a discussion about the profits that had been made by those who had stocks of butter by reason of the advance in prices in the fall?

Mr. FREEMAN: I do not recall. I am sorry I cannot be more helpful. That is all I can recall to memory.

Mr. FLEMING: Perhaps others who were there, you mentioned some two or three who are going to be called as witnesses, may be able to tell us the facts.

The CHAIRMAN: Are you through, Mr. Fleming?

Mr. FLEMING: Not quite, Mr. Chairman. Was there open discussion of the fact that with an advance in the market price in the fall there would be a substantial profit made by those who were holding butter?

Mr. FREEMAN: I do not remember any such discussion.

Mr. FLEMING: You do not remember?

Mr. FREEMAN: No.

Mr. FLEMING: I take it was no secret anyway. There is no secret about the fact anyway?

The CHAIRMAN: About what fact?

Mr. FLEMING: About the fact that those who had butter in the fall made a substantial profit by reason of the advance in price?

Mr. FREEMAN: No, there was no secret about that at all.

Mr. FLEMING: It is a matter of general knowledge, I guess isn't it?

Mr. FREEMAN: General knowledge of anybody in the industry, that anybody in the industry participated—they could not do otherwise.

Mr. FLEMING: And did the Minister know that?

Mr. FREEMAN: I said, in the industry.

The CHAIRMAN: He cannot speak for the Minister, Mr. Fleming. He can only speak for himself and for the industry. Let's leave it at that.

Mr. FLEMING: I want to know if the Minister discussed the question of profits resulting from the holding of butter at that meeting; do you remember whether he did or not?

Mr. FREEMAN: No. I did not take any notes of that meeting. I think I have told you all I know about it.

Mr. FLEMING: All right.

The CHAIRMAN: Just one final question then. You said the price was higher. Do you mean it was too high?

Mr. FREEMAN: No. If I said the price was higher the reference I had was to the price going higher.

The CHAIRMAN: You did not think it was too high at that time?

Mr. FREEMAN: It was pretty high.

The CHAIRMAN: There would not have been anything to prevent you from having sold it at a lower price than you did had you wanted to do that, would there?

Mr. FREEMAN: We have to sell at the market.

The CHAIRMAN: Why do you have to sell at the market?

Mr. FREEMAN: Because we have to replace at the market.

The CHAIRMAN: This question came up the other day. I can understand the situation in which you found yourself but there was nothing to prevent you selling at a lower figure and you would still have made a profit.

Mr. FREEMAN: Yes, but if you did that the difference between what we sold at and the market price would be taken by somebody else.

Mr. McLEAN: Mr. Martin, may I attempt to explain. You are speaking of the period—

The CHAIRMAN: —in December.

Mr. McLEAN: Yes.

The CHAIRMAN: Or I am speaking of any time?

Mr. MACLEAN: At that time it was apparent there was not sufficient butter to look after our distribution requirements and if a firm such as Lowell & Christmas had offered to sell butter at 60 cents a pound—the butter we had on hand for sale—it would have been absorbed by the market because the market was much bigger than Lovella & Christmas' interest in the market. If we had sold our butter at 60 cents a pound we should not have been able to stop the price increase at that time.

The CHAIRMAN: I suggest to you that it is pretty difficult for ordinary people to understand your action when you felt the price was too high. We were told the other day by Canada Packers that they felt the price was too high, and it seems to me very difficult for a reasonable man to understand why, if that was the feeling, it would not have been very easy to reduce the price.

Mr. MAYBANK: Was the feeling generally shared—I mean that the price was too high?

Mr. McLEAN: Well, Mr. Maybank, I cannot speak for the other people in the trade but I think we should have been satisfied with less.

Mr. FLEMING: Less than what?

Mr. McLEAN: We would have been satisfied with less, in the general interest of our long-term position in the industry.

Mr. MAYBANK: There was a meeting between several people at which this suggestion was made. We have had the meeting described and Mr. Fleming has been asking about that meeting.

Mr. Fleming has been asking about that meeting.

Mr. McLEAN: Yes.

Mr. MAYBANK: How many were at it?

Mr. McLEAN: I was not there, Mr. Maybank, I do not know.

Mr. MAYBANK: Do you know, Mr. Freeman, who were there?

Mr. FREEMAN: Yes, since Mr. Fleming raised the point, I found out who was there. Do you want me to give the names?

Mr. MAYBANK: Yes, if you can.

Mr. FREEMAN: J. S. McLean, W. R. Aird, F. W. Jones, J. Turnbull, B. Stanley, Mr. Baillie, Henri Bois, J. E. Lussier, John Freeman, E. Raney, C. Holman, J. Spiers, V. Hooper, Mr. Hardy, K. H. Olive.

Mr. MAYBANK: That was a group pretty well representative of the butter interests?

Mr. FREEMAN: A good cross section.

Mr. MAYBANK: Representing a large chunk of the total inventory of the country?

Mr. FREEMAN: I would not say that.

Mr. MAYBANK: You do not know whether that is right, or you do not think that is right?

Mr. FREEMAN: I do not know if that is right.

Mr. MACINNIS: Have you the names of the firms that those men represented?

Mr. FREEMAN: Yes, I have.

Mr. MACINNIS: Could that not go into the record?

Mr. MAYBANK: You can add that information for which Mr. MacInnis has asked, to the record.

Mr. FREEMAN: That is right.

Mr. MAYBANK: Would you do that now?

Mr. FREEMAN: J. S. McLean, Canada Packers Limited; W. R. Aird, Dominion Dairies; F. W. Jones, The Borden Company; J. Turnbull, Saskatchewan Co-operative; B. Stanley, Northern Alberta Dairy Pool; Mr. Baillie, United Farmers of Ontario; Henri Bois and J. E. Lussier, Co-Operative Federee de Quebec; John Freeman, Lovell & Christmas (Canada) Limited; E. Raney, Swift Canadian Company; C. Holman, Burns & Co., J. Spiers, Modern Dairies; V. Hooper, Loblaw Groceterias; Mr. Hardy, Safeways; K. H. Olive, Olive & Dorion.

Mr. MAYBANK: They were all pretty much of the same view as you have expressed here, were they?

Mr. FREEMAN: The resolution was unanimous.

Mr. MAYBANK: In the absence of a ceiling, was there anything to prevent a combination in restraint of a price rise?

Mr. FREEMAN: Was there anything to—

Mr. MAYBANK: Was there anything to prevent a combination in restraint of a price rise?

Mr. FREEMAN: We have never combined.

Mr. MAYBANK: To keep prices down?

Mr. FREEMAN: We have never combined.

Mr. MAYBANK: You want to make it clear that you have not combined at all. Of course, I was interested as to whether you had ever combined to keep prices down.

Mr. FREEMAN: No.

Mr. MAYBANK: The answer to that is, of course, no, since you made it all-inclusive. There is no moral or legal objection to that kind of combination, is there?

Mr. FLEMING: The witness would not know that.

Mr. MAYBANK: Let the witness answer.

Mr. FLEMING: It is a legal question.

Mr. MAYBANK: I am asking him whether he knows. If he does not know, he will say so.

Mr. FREEMAN: I do not know.

Mr. McLEAN: May I answer that?

Mr. MAYBANK: Yes.

Mr. McLEAN: The butter business is just about the most competitive business there is. Mr. J. S. McLean mentioned there are approximately 1,400 people buying and selling butter across the country and a combine is just something unheard of in our business.

Mr. MAYBANK: I am not suggesting there is anything in the nature of a combine, I only asked whether any consideration had been given to a combine in restraint of a price rise by you who were present, then.

Mr. McLEAN: It is the most competitive business there is.

Mr. MAYBANK: Would you say that you large holders of butter could not have combined together to say, "We will take less than we can take", Would there have been anything objectionable to that course?

Mr. McLEAN: Except, what is it, twenty years in jail? It is part of the Combines Act, is it not?

Mr. MAYBANK: Is that the reason you were afraid of the Combines Act?

The CHAIRMAN: I think, in fairness to the witness, he does not understand your question.

Mr. MAYBANK: I said, was there anything objectionable to getting together to take less than you could take?

Mr. FREEMAN: That was not considered.

Mr. MAYBANK: You did not consider at all whether or not you could pass on the benefit of the large profit that was then standing upon your books? You gave no consideration to that? Is that right?

Mr. FREEMAN: We gave no consideration.

Mr. HOMUTH: That is not a fair question.

Mr. MAYBANK: I only asked whether consideration had been given to that sort of decision.

Mr. HOMUTH: I say it is not a fair question in view of the answer Mr. Freeman gave to another question. He said if they sold at a loss they would have had to go in the market and purchase it at a much higher price again.

Mr. MAYBANK: All right. That answer is not being lost sight of. The fact is that you were in a position, at any rate, to consider passing on some of the profits to the public and that you did not give any consideration to that?

Mr. McLEAN: I will answer it this way. Possibly we could have; possibly we should have, but we did not.

Mr. MAYBANK: Exactly. I was only asking for the fact and you have answered satisfactorily.

The CHAIRMAN: I guess we had better adjourn.

Mr. FLEMING: I might mention one thing. Mr. Freeman mentioned a resolution that was passed. Was there a resolution passed?

Mr. FREEMAN: There was no solution passed, no.

Mr. FLEMING: You used the expression. I did not know whether you attached some significance to it.

Mr. FREEMAN: It was unanimously agreed.

Mr. MAYBANK: But it was not a formal resolution?

Mr. FREEMAN: No.

Mr. MAYBANK: But there was unanimity of opinion in the expressions that were made.

Mr. LESAGE: Do we free the witnesses?

The CHAIRMAN: No. Mr. Beaudry has some questions.

Mr. MAYBANK: That was all I had to ask.

Mr. FLEMING: I have no more.

Mr. HOMUTH: You are going to put on file that breakdown of those costs?

Mr. McLEAN: This would only take half a minute. I have some information here. If it is not sufficient I will have to get hold of the office again. It is in answer to Mr. MacInnis' question.

Mr. MONET: You can give it to us now. You will be here tomorrow morning and if something is missing you can get that.

Mr. McLEAN: Mr. MacInnis asked us why our total direct expense in 1947 totalled \$15,888.33 as compared with \$4,347.41 for the year 1946.

Mr. MONET: 1947?

Mr. McLEAN: Compared with 1946. The main item of expense is cold storage on our stock. In the year 1947 it totalled \$12,404.24 as compared with \$2,224.88 in 1946. So when you take that item out of direct expense our direct 1947 expense was \$3,484.09 as compared with \$2,122.53 or approximately \$1,366 difference which I think could be explained by increase in volume.

The committee adjourned, to resume on Tuesday, March 23, 1948 at 11 o'clock a.m.

Prices, Special Committee on
(SESSION 1947-48)

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HOUSE OF COMMONS

SPECIAL COMMITTEE
ON
PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 30

TUESDAY, MARCH 23, 1948

WITNESSES:

- Mr. John Freeman, President, Lovell & Christmas (Canada) Limited,
Montreal, Que.
Mr. Gordon McLean, Secretary-Treasurer, Lovell & Christmas (Canada)
Limited, Montreal, Que.
Mr. W. R. Aird, President, Dominion Dairies Limited, Montreal, Que.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY

1948



MINUTES OF PROCEEDINGS

TUESDAY, March 23, 1948.

The Special Committee on Prices met at 11.00 a.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Beaudry, Fleming, Homuth, Irvine, Lesage, MacInnis, Martin, McCubbin, Merritt, Pinard, Winters.

Mr. Fabio Monet, K.C., Counsel to the Committee, in attendance.

In the absence of Mr. Johnston, Mr. Low, M.P., was granted leave to take part in the examination of witnesses.

Mr. John Freeman, President, and Mr. Gordon McLean, Secretary-Treasurer, Lovell & Christmas (Canada) Limited, Montreal, were recalled and further examined. Mr. Freeman filed,—

Exhibit No. 64—List of firms or individuals having butter in storage during 1946 and 1947 in premises of Lovell & Christmas (Canada) Limited. (*Printed in this day's Minutes of Evidence*).

Witnesses retired.

Mr. W. R. Aird, President, Dominion Dairies Limited, Montreal, Que., was called, sworn and examined. He filed,—

Exhibit No. 65—Statement of general information on butter operations by Dominion Dairies Limited.

Exhibit No. 66—Dominion Dairies Limited Annual Report for the year ending 31st March, 1947.

During the proceedings Mr. Winters took the Chair in the temporary absence of the Chairman.

At 1.00 p.m. witnesses retired and the Committee adjourned until 4.00 p.m. this day.

AFTERNOON SITTING

The Committee resumed at 4.00 p.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Beaudry, Homuth, Irvine, Lesage, MacInnis, Martin, Merritt, Pinard, Winters.

Mr. Fabio Monet, K.C., Counsel to the Committee, in attendance.

Mr. Aird was recalled and further examined.

During the proceedings, in the temporary absence of the Chairman, Mr. Winters took the Chair.

At 4.55 p.m., the members being called in the House for a division, the Committee took recess.

At 5.30 p.m., witness retired and the Committee went into executive session, having agreed to resume its public sittings after the Easter recess, on Monday, April 5, at 4.00 p.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
March 23, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Chairman, Hon. Paul Martin, presided.

The CHAIRMAN: Mr. Beaudry has some questions.

John Freeman, President, Lovell & Christmas (Canada) Limited, recalled.

Gordon McLean, Secretary-Treasurer, Lovell & Christmas (Canada) Limited, recalled.

Mr. BEAUDRY: Mr. Freeman or Mr. McLean, in connection first with an answer given to Mr. Lesage yesterday would you clear up one point. Do you operate a butter brokerage business as well as a wholesale business?

Mr. McLEAN: We are classified as dealers, but at times we do handle butter on a commission basis.

Mr. BEAUDRY: I am referring specifically to an answer given Mr. Lesage in which you said that you did make purchases of butter which remained in your warehouse for the account of the actual purchasers?

Mr. McLEAN: That is correct.

Mr. BEAUDRY: We assume in those cases you are acting as a broker, or are we wrong?

Mr. McLEAN: I will explain it this way to you. The difference between a broker and a dealer is that the dealer invests money in the actual product. In the functioning of our business we may sell a part of that butter to some other dealer, but we had taken a position in the butter originally. We did not work on brokerage in the true sense of the word.

Mr. BEAUDRY: Again referring to that answer, when in the course of those operations referred to you purchased butter and warehoused it for the actual purchaser where you acting on a strictly commission basis, let us say $\frac{1}{8}$ of a cent a pound, or were you conducting your normal transaction of purchasing and reselling?

Mr. McLEAN: That is correct.

Mr. BEAUDRY: So all these figures here in statements Nos. 2, 3, 4 and 5 represent in all cases the actual outlay of money by you?

Mr. McLEAN: In our volume figures, as I mentioned to Mr. Lesage, that includes spot transactions and future transactions. In the case of a future transaction you do not handle the physical product until the time of delivery, but if you notice our position on the commodity exchange our net position was one contract. We showed so many contracts on the buying side and so many contracts on the selling side. One offsets the other, to give you a true volume picture.

Mr. LESAGE: As a last question on this subject take statement No. 4. I refer to the same figures I was referring to yesterday, the third column, the months of June to December inclusive.

Mr. IRVINE: Which page?

Mr. LESAGE: Page 4.

Mr. WINTERS: Which year?

Mr. LESAGE: 1947. Do those figures include any transactions in which you acted as a broker at $\frac{1}{8}$ of a cent per pound?

Mr. McLEAN: We buy and sell butter at the market, Mr. Lesage, and as our figures reveal we made an average net profit of 3.65 cents.

The CHAIRMAN: He is asking you another question.

Mr. LESAGE: Do these figures include any brokerage business in which the return to your company would be $\frac{1}{8}$ of a cent?

Mr. McLEAN: No.

Mr. LESAGE: That is all right. It is clear to my mind now.

Mr. McLEAN: I am trying to give you the answer you want, but I do not know exactly how to put it to you. I am trying to give you the answer you want.

Mr. LESAGE: All right, you have given it now.

Mr. MacINNIS: I was going to suggest that perhaps Mr. McLean could give an answer to this by a direct question.

Mr. BEAUDRY: I was planning to arrive at that.

Mr. MacINNIS: Perhaps you were going to ask that.

Mr. BEAUDRY: Would you give the committee some details about the actual operation of a wholesale butter business? Would you tell me first what the usual terms of purchase are?

Mr. McLEAN: We pay cash for butter.

Mr. BEAUDRY: You pay cash for all the butter you purchase?

Mr. McLEAN: That is correct, yes.

Mr. BEAUDRY: Does that include futures?

Mr. McLEAN: Well, you operate futures on a margin basis of \$1,500 per car which must be maintained. Each fluctuation of $\frac{1}{8}$ of a cent must be adjusted with the clearing house. You put up \$1,500 which must be maintained according to fluctuations in the market.

Mr. BEAUDRY: \$1,500 per car load?

Mr. McLEAN: Right.

Mr. BEAUDRY: Which is how many pounds?

Mr. McLEAN: 22,400, with 5 per cent tolerance either way.

Mr. BEAUDRY: That is the normal load. I understand that sometime during the war—which would not affect what we are referring to now—the minimum load per car was higher, was it?

Mr. McLEAN: Correct.

Mr. HOMUTH: That minimum load did not apply in eastern Canada.

Mr. McLEAN: Mr. Beaudry is referring to a future contract on the commodity exchange, not a spot transaction.

Mr. HOMUTH: In the regulation by the railway board the heavier load only involved western shipments?

Mr. McLEAN: Correct.

Mr. HOMUTH: Not eastern shipments?

Mr. McLEAN: No.

Mr. BEAUDRY: Could you not buy future western butter? What are the normal terms of sale in your particular business? Is that also a cash business throughout?

Mr. McLEAN: No. Are you referring to our distributive trade, in other words, people who buy butter from us every week, on what terms do we sell them butter? If that is the question the answer is cash.

Mr. BEAUDRY: What part of your business would not be conducted on a cash basis from the sales angle?

Mr. McLEAN: Well, we do sell butter for storage, and as a convenience to our customers we will finance the product for them, but they will put up a margin.

Mr. BEAUDRY: On what basis do you finance it?

Mr. McLEAN: What margin is required?

Mr. BEAUDRY: Yes.

Mr. McLEAN: \$2.50 a box.

Mr. BEAUDRY: \$3.50?

Mr. McLEAN: \$2.50.

Mr. BEAUDRY: What rate of interest do they pay, or do they pay any interest?

Mr. McLEAN: Five per cent.

Mr. BEAUDRY: That, of course, does not deal with futures. That deals with the actual physical stock on hand?

Mr. McLEAN: Correct.

Mr. BEAUDRY: Against the stock which you hold in storage for future resale is it your procedure to obtain loans?

Mr. McLEAN: Oh, yes. We borrow from the Bank of Montreal once we use our capital.

Mr. BEAUDRY: Is there a set percentage of value against which either the Bank of Montreal or other banks lend in the case of butter? Is there an established amount against the value of the stock held.

Mr. McLEAN: They lend us money to be used for the purchase of butter or cheese in the normal functioning of our business.

Mr. BEAUDRY: I appreciate that, but let us say you have 10,000 pounds of butter in stock worth \$10,000. How much would the bank or banks normally be willing to lend against that \$10,000 stock?

Mr. McLEAN: 100 per cent. We make our arrangements at the start of the season with the Bank of Montreal.

Mr. HOMUTH: They might lend you 120 per cent if they trusted you.

Mr. McLEAN: Plus.

Mr. BEAUDRY: That is very constructive.

Mr. HOMUTH: Certainly yours are not.

Mr. BEAUDRY: Perhaps you will bear with me. You have been very kind for the last month and a half. Is the rate of interest which you pay on these loans charged in the cost which is shown here as administrative cost?

Mr. McLEAN: Correct.

Mr. WINTERS: Are these figures of quantities on hand at the end of each month actual quantities stored or are they just book quantities?

Mr. McLEAN: Actual quantities stored.

Mr. WINTERS: They are in all cases actual stored quantities?

Mr. McLEAN: Yes.

Mr. BEAUDRY: Can we deduce that the top quantity you normally carry on hand in your business, that you have in the warehouse for the operation of your business, would be roughly the total of the amounts of butter carried during September, October and December, or is that too high or too low?

Mr. McLEAN: Are you asking us how we arrive at our peak stock?

Mr. BEAUDRY: No, I would like to know what your peak stock is?

Mr. McLEAN: In figures?

Mr. BEAUDRY: Yes.

Mr. McLEAN: 1,395,000 pounds.

Mr. BEAUDRY: That would be the peak that you would purchase?

Mr. McLEAN: That is the peak we reached in 1947.

Mr. BEAUDRY: That would be butter you had on hand at that time?

Mr. McLEAN: At the end of September.

Mr. BEAUDRY: Is there any way of establishing what the average peak carried by you was during that period? I am trying to bring this out. That figure shows you had so much on hand at that time. How much of that over a period of three months would be constant?

Mr. McLEAN: We maintained a stock position in excess of 1,300,000 up to the end of October.

Mr. BEAUDRY: Can you average over the year the amount you would have on hand per month? We have a figure here which gives the average but it does not give the exact average.

Mr. McLEAN: If you take our sales of 6,400,000 and divide by 12 that would be an average of half a million pounds.

Mr. BEAUDRY: That is not exactly true because your purchases are very uneven.

Mr. McLEAN: That is correct.

Mr. BEAUDRY: In one month you might purchase 2,000,000 pounds and sell 2,000,000 and show a peak of 2,000,000 pounds for that particular month and yet for the 5,000,000 pounds basis for the year the actual average in stock on hand only was 250,000 pounds per month. I am thinking of carrying charges.

Mr. McLEAN: Yes.

Mr. BEAUDRY: Is there any way of arriving at a truer picture of an average on that basis? If you cannot give it to me now would you be able to supply it later in written form?

Mr. McLEAN: I hardly understand your question, Mr. Beaudry. I do not know exactly what you are driving at. I would gladly answer it if I could get your question clearly.

Mr. BEAUDRY: Then I will ask you something else and you may understand it from there on. What constitutes your assets beyond your butter or cheese inventories?

Mr. FREEMAN: Our premises.

Mr. BEAUDRY: Your premises, which are?

Mr. FREEMAN: Two warehouses.

Mr. BEAUDRY: Both owned?

Mr. FREEMAN: Both owned.

Mr. BEAUDRY: Both in the city of Montreal?

Mr. FREEMAN: Yes sir.

Mr. BEAUDRY: What is the value of them? Would you give me both the city valuation and the book value?

Mr. FREEMAN: May we send you that? I haven't got that here.

Mr. BEAUDRY: Would you be able to give me the book value?

Mr. FREEMAN: Our book value is approximately \$100,000.

Mr. BEAUDRY: For both?

Mr. FREEMAN: Yes.

Mr. BEAUDRY: That is after depreciation over twenty years I suppose?

Mr. FREEMAN: Yes.

Mr. BEAUDRY: Are those warehouses used entirely to store your own butter or do you lease a good part of them?

Mr. FREEMAN: It is used for both purposes.

Mr. BEAUDRY: What proportion for both purposes?

Mr. McLEAN: Well, during the flush production period, during the summer, our chief space is taken up, I would say 80 per cent by cheese for our own firm, but we do store cheese for other people in the industry who do not have their own warehouse space. You might say we act as a public warehouse in the case of cheese. In the case of butter our plant I would say would be occupied 80 per cent with our own product and 20 per cent by product that we would buy and hold for storage. During the winter months when the product is leaving our plant we store meat and poultry and frozen eggs, principally those three items.

Mr. BEAUDRY: You store butter and cheese for different lengths of time, or do they require different storage facilities?

Mr. McLEAN: You mean in our two plants are we storing under the same system?

Mr. BEAUDRY: Yes.

Mr. McLEAN: Oh, yes.

Mr. BEAUDRY: So part of your investment which is made up of real estate, particularly these two warehouses, could be divided—that sum of \$100,000 mentioned earlier—could be divided into what percentage as applicable to your business of purchases of butter and to what percentage applicable to your business as warehousemen?

Mr. McLEAN: Of course, it all ties into the one operation, that is the operation of Lovell and Christmas (Canada) Limited. We do not know at the start of the season to what extent we are going to store products for other people.

Mr. BEAUDRY: Yes, you have the revenue figures on that I presume?

Mr. McLEAN: Oh, yes.

Mr. BEAUDRY: Would it be possible to get those revenue figures for warehousing?

Mr. McLEAN: We could, if it is important to the butter enquiry.

Mr. BEAUDRY: Well, I wish to establish that for the benefit of the committee. I am trying to arrive at this, there is an investment of \$100,000. in real estate.

Mr. McLEAN: That is book value, Mr. Beaudry; in other words, you could not replace it for anything like \$100,000.

Mr. BEAUDRY: I appreciate that. I will leave that figure unquoted, if you prefer. I want to know how much that would influence the price of butter?

Mr. McLEAN: It does not influence it at all.

Mr. BEAUDRY: It does not enter into the cost of butter?

Mr. McLEAN: No; in the butter business you are trading on margin; your costs are 10 cents; if the price drops 20 cents your costs are out of the picture entirely.

Mr. BEAUDRY: I can see that.

Mr. McLEAN: In other words, if we had inventory of butter at 60 cents and the market was 50 cents we could not get our costs out of that product, if the market was 10 cents below our costs.

Mr. BEAUDRY: I appreciate that, but to arrive at the figure I have in mind you would still have to take in all the expenses incidental to the operations shown in your statement 2, in connection with the ownership or rental of premises of whatever nature to a certain extent.

Mr. McLEAN: Well—

Mr. BEAUDRY: Surely your costs would have to be included, all your costs, not only the actual cost of the butter.

Mr. McLEAN: We still have that cost of operation even if we lost 10 cents on it.

Mr. BEAUDRY: I appreciate that, still to arrive at the figure of 50 cents per pound for butter you would have to include part or all of your administrative and selling expense.

Mr. McLEAN: We are not manufacturers.

Mr. BEAUDRY: I appreciate that, but let us assume you purchase butter at 50 cents.

Mr. McLEAN: Yes.

Mr. BEAUDRY: That would establish how much of a profit or a loss you made. You would have to add to that 50 cents, whatever you have incurred by way of expense.

Mr. McLEAN: Yes.

Mr. BEAUDRY: In connection with butter; and certainly rental of premises or purchase of premises would enter into part of that cost. I see what you are trying to tell me. You are trying to tell me that in your operation you operate on a more or less fixed basis and depending on whether your margin on sales is high enough or too low you have either a profit or a loss on butter.

Mr. McLEAN: Yes. If we buy butter at 50 cents a pound and the cost of handling that product is 1·8 cents we have to get 51·8 cents a pound for that butter or we do not sell it. As a matter of fact, we sell it at market, and the market might be 50⅞, or it might be 53⅞. But what we might do is try to make our expenses at the end of the year, but we do not figure out the cost per pound when buying and selling a car of butter.

Mr. BEAUDRY: No, you can't figure it to that extent, but you do figure it over-all. You have given us the figures on your statement No. 4, also No. 3, and No. 5, showing the margin between the cost and selling price; that would include all the items under operation expenses shown on page 2.

Mr. McLEAN: That is right.

Mr. BEAUDRY: Referring again to the last column of statement No. 2, for the years 1939 and 1947, I see that your big profit—or, before I go into that, are there any other profits before 1939, or losses, vastly different from the ones shown for 1939 and 1942? These figures we did not ask you for.

Mr. McLEAN: Those are figures we do not have and I would not even make a guess because we do not keep these records. We can get the information if you require it.

Mr. BEAUDRY: Before we go into that, would you say that the year 1940 was a normal year for butter operations over the twenty odd years of experience you have had? Would that be a good year taking all in all?

Mr. McLEAN: I think the answer would be, reasonably good.

Mr. BEAUDRY: Reasonably good?

Mr. McLEAN: But nothing outstanding.

Mr. BEAUDRY: What amount of investment did the operation for that year require to arrive at a profit of \$20,000?

Mr. McLEAN: You mean, how much money was tied up in volume?

Mr. BEAUDRY: You might call it that way, or give it to us that way. I don't want the total figures of the amount of purchases over a year.

Mr. McLEAN: Offhand, I cannot answer that, Mr. Beaudry.

Mr. BEAUDRY: Could you later?

Mr. McLEAN: Yes.

Mr. BEAUDRY: Could you give that in written form?

Mr. McLEAN: Yes, if you will give me the question in written form so I will know exactly what you want.

The CHAIRMAN: The questions will be in the record. The questions are in the record. There is a verbatim record being made and everything is taken down in this committee, and those questions are now in the record.

Mr. McLEAN: I see.

Mr. MONET: I will see that you get the questions in the form in which you have asked for them.

Mr. McLEAN: Thank you, Mr. Monet.

Mr. BEAUDRY: In the year 1940, to which we referred a moment ago, you purchased throughout the year 4,729,048 pounds?

Mr. McLEAN: Right.

Mr. BEAUDRY: In the year 1947, you purchased 5,447,000 pounds. Will you give me in the same way the amount of money involved there in the way of investment, will you supply that at the same time?

Mr. McLEAN: Yes.

The CHAIRMAN: Mr. Beaudry, I don't want to stop you—

Mr. BEAUDRY: That is my last question.

The CHAIRMAN: Yes.

Mr. BEAUDRY: I mean, that has been my last question. I want those two questions answered.

The CHAIRMAN: Yes. Have you an answer to give to Mr. Beaudry?

Mr. BEAUDRY: Those answers will have to be made in writing.

Mr. McLEAN: Yes, we will get that information for you.

The CHAIRMAN: Mr. Monet has a few questions.

Mr. MONET: Before you leave this, Mr. Freeman, I understand that at the request of the secretariat on February 17th you supplied the names and addresses of people who were storing butter with your firm?

Mr. FREEMAN: That is right.

Mr. MONET: Would you now look at this list which was supplied by your firm and tell the members of the committee if you identify this list as being correct and the one supplied by you?

Mr. FREEMAN: I identify this as being correct and the one supplied by me.

Mr. MONET: Now, Mr. Chairman, this will be mimeographed and filed as an exhibit. It will be of importance to the members of the committee. We will call it exhibit 64.

EXHIBIT No. 64: List of persons storing butter with Lovell and Christmas (Canada) Limited.

EXHIBIT No. 64

OTTAWA, FEBRUARY 17, 1948.

The House of Commons Committee on Prices requires from your firm a list of the names of all individuals or firms who have stored butter in your premises during the past two years. Please list the names below indicating the year when the butter was stored.

Have you stored butter on your own account?..... Yes.....
Yes or No

If "Yes" please complete questionnaire enclosed and return to the Dominion Bureau of Statistics which will compile them.

Name	Address	1946	1947
A. Ally.....	2310 Dorion St., Montreal.....		*
A. Ayotte.....	St. Anne, Co. Richelieu, Que.....		*
Moe Beren.....	6659 Park Ave., Montreal.....		*
A. Bissonnette.....	610 William St., Montreal.....	*	*
Canada Packers Ltd.....	1260 Hill St., Montreal.....	*	*
Carnation Co.....	Sherbrooke, Que.....	*	*
R. A. Chisholm.....	44 Victoria St., Toronto, Ont.....		*
Convent d'Hochelaga.....	3587 Notre Dame St. E., Montreal.....		*
Crescent Cheese Co.....	6659 Park Ave., Montreal.....	*	*
S. Deslauriers.....	South Durham, Drummond Co., Quebec.....		*
Drew Brown.....	530 Mountain St., Montreal.....	*	
L. S. Dusseault.....	605 Pie IX Blvd., Montreal.....	*	*
Eastern Farm Products.....	423 St. Paul St. E., Montreal.....	*	*
Gordon & Son Inc.....	1208 Greene Ave., Westmount, Montreal.....	*	*
A. T. Guild.....	384 Lake Shore Rd., Beaurepaire, Que.....		*
Omer Hardy.....	Shawinigan Falls, Que.....		*
G. Hodge & Son.....	166 King Street, Montreal.....		*
G. Lacoste.....	4861 Garnier St., Montreal.....	*	*
Le Grand Semenaire.....	2065 Sherbrooke St., Montreal.....		*
Lerner Bros.....	3560 Park Ave., Montreal.....		*
Limoges & Cie.....	644 William St., Montreal.....		*
Lucerne Food Products Ltd....	Aylmer Road, Hull, Que.....		*
G. Miller.....	2334 Rushbrook St., Montreal.....	*	*
Alex. D. McGillis & Co.....	407 McGill St., Montreal.....		*
P. W. McLagan Ltd.....	417 St. Peter St., Montreal.....		*
J. Pineo.....	93 Beech St., Halifax, Nova Scotia.....		*
Producers Dairy Co.....	3641 Lafontaine St., Montreal.....		*
J. E. Sauliers.....	144 5th Ave., Ville St., Pierre, Que.....		*
Shawinigan Dairy.....	Shawinigan Falls, Que.....		*
Sutton Milk Products.....	Sutton, Que.....		*
Swift Canadian Co.....	1000 Craig St. E., Montreal.....		*
V. A. Tremblay.....	Box 443, Huntingdon, Que.....		*

* Indicates butter stored.

The statements in this schedule are certified to be correct. Firm Lovell & Christmas (Canada) Limited. Place 160 King St., Montreal. Signature (Sgd.) John Freeman.

Firm No.....

Mr. MONET: This will be the list of the names of people for whom you are holding butter in your premises?

Mr. FREEMAN: That is right.

The CHAIRMAN: On this particular date, of course?

Mr. FREEMAN: Yes.

Mr. MONET: Can you also tell members of the committee the quantity stored for each of these people?

Mr. FREEMAN: We can file that information.

Mr. MONET: Have you got that information with you?

Mr. FREEMAN: No.

Mr. MONET: But you could supply it?

Mr. FREEMAN: Yes.

Mr. MONET: You can supply members of the committee with the quantity held by you for each of the persons mentioned in this exhibit 64?

Mr. FREEMAN: That is right.

Mr. MONET: Could you also supply the members of the committee with the following information; when this butter was stored in by each of these persons?

Mr. FREEMAN: Yes, sir.

Mr. MONET: Can you supply the committee with information as to when the butter was taken out by each of those persons?

Mr. FREEMAN: Yes, sir.

Mr. MONET: Will you also supply the committee with information as to whether, in your opinion, any of those people are not in the butter trade or business?

Mr. FREEMAN: We would be glad to give our opinion on that matter.

Mr. MONET: In other words you will give the members of the committee your opinion as to those people listed on exhibit No. 64 who are not in the butter business.

Mr. FREEMAN: Yes.

Mr. MONET: You will supply that information as soon as possible?

Mr. FREEMAN: Yes sir.

Mr. IRVINE: Before you dismiss the witness there is one question I would like to ask. I would like to have further enlightenment on one point. Counsel questioned the witness as to the figures on page 4 of the statement asking him to note the difference between the amounts of butter in storage during the months of July, August, September, and October of 1947, as compared with 1946. The answer, made by Mr. McLean I think was that the stocks were greater in 1947 than for those months mentioned because the company was providing for winter requirements, whereas in the previous year the Wartime Prices and Trade Board was providing for the requirements of their customers, and therefore it was not necessary for the company to store butter for that purpose. Now I want to know in what way the Wartime Prices and Trade Board provided for the service of your customers during 1946? I was not clear on that point.

Mr. McLEAN: The Wartime Prices and Trade Board took over the distribution of butter—I cannot give you the exact date—but during the winter period when supplies were short the board would decide who required a car of butter and whether it was more important for that car to be delivered to the city of Montreal, or Halifax, or Toronto. The Wartime Prices and Trade Board took over complete distribution and the producer had nothing to say as to where his butter was to go and likewise the dealer had nothing to say.

Mr. IRVINE: You could just buy when you were told to buy, and I suppose you would have some kind of a permit.

Mr. McLEAN: We would apply to the board for supplies.

Mr. IRVINE: That is the point I wanted to get.

Mr. WINTERS: Mr. Chairman, I would like to ask a question. What volume of business do you aim at in a normal year with respect to butter turn-over?

Mr. McLEAN: You might say that we have no objective in that direction, Mr. Winters. I would say that we handled just about all we could this year and comparing it with 1939-40 the figure is about 6,000,000 pounds.

Mr. WINTERS: You think 6,000,000 pounds would be a normal year?

Mr. McLEAN: Yes, considering our position in the trade.

Mr. WINTERS: How much do you consider you would need to mark up each pound of butter to clear you a profit over expenses, to make a reasonable profit on 6,000,000 pounds?

Mr. McLEAN: We have never considered it that way. If we consider the cost of handling is 2 cents a pound and somebody else is selling butter 1 cent lower than we are we would not get our cost back. The question is one of replacement or, in other words, the market value.

Mr. WINTERS: Well, I think anyone who is handling a product has a pretty good rough yardstick as to what it costs them to handle the product.

Mr. McLEAN: If you will refer to page 2 I think the information there will give you the answer. During the year ending March 31, 1947, we lost \$11,000, which means, therefore, we did not get our purchase costs plus carrying charges back out of that product. We would have liked to have received it back but we could not.

Mr. WINTERS: There is still a question as to whether you lost that money or whether it is a matter of allocation of overhead as against cheese and butter operations. That question has not been settled to my knowledge and we still have not received figures.

Mr. McLEAN: We will supply them.

Mr. WINTERS: To whom do you sell this butter, or have you given that information to the committee?

The CHAIRMAN: You are referring to the type of person to whom it is sold?

Mr. WINTERS: Yes, is it sold to the wholesaler or the retailer or to both?

Mr. McLEAN: We sell to both wholesalers and retailers.

Mr. WINTERS: In this period in which butter was running high, although you do not know what mark-up you need per pound to clear your operating expenses and show a profit, you do know that the profits were running higher than you would normally expect?

Mr. McLEAN: That is correct.

Mr. WINTERS: During that period and with that knowledge did you ever consider decreasing your price?

Mr. McLEAN: No, sir.

Mr. WINTERS: Were you concerned about the high mark-up you were getting during that period?

Mr. McLEAN: Yes, we were concerned.

Mr. WINTERS: But you never actually took steps to lower the price to your customers?

Mr. McLEAN: No.

Mr. MacINNIS: He was not concerned to that extent.

The CHAIRMAN: Is that all?

Mr. IRVINE: Could we have a copy—or perhaps we have it—of the annual statement of this company with respect to all its operations for the years 1946 and 1947?

Mr. MONET: I have not got that but could we have it?

Mr. FREEMAN: Well, we are a private company, a subsidiary of Lovell & Christmas in England, and our statement is incorporated in the results of the parent company. It is not the policy of the company to publish the statements of its subsidiaries and we would much prefer if that question were not pressed and that we would not have to present our balance sheet.

The CHAIRMAN: We would have to know, I think, whether it would have a bearing upon the issue before the committee. If the balance sheet does have a bearing, then of course there is nothing that can be withheld from the committee.

Mr. IRVINE: I think it possibly might have a bearing on the very question raised by Mr. Winters a moment ago. For instance, unless we have a complete statement in regard to cheese and butter in storage, I am not sure it can be fully determined as to how much should go to butter and how much should go to something else.

Mr. MACINNIS: That is a question which was raised before in connection with A. & P., I think it was. If my memory serves me correctly, we did not insist upon receiving a statement from the A. & P. to go into our record.

The CHAIRMAN: To go into what?

Mr. MACINNIS: We did not insist on receiving figures from them for the record.

The CHAIRMAN: That is right.

Mr. MACINNIS: There was a statement submitted to counsel. Now I think we should not treat this firm differently. I am not saying that Lovell & Christmas should not be required to give us the information—whether they are subsidiaries of another company or not—I do not say that they should not give a statement of their business, but what I am concerned with is that we should not insist on any figures from one firm that we do not insist upon from other firms.

Mr. IRVINE: I would not think of doing such a thing but I do not believe we have settled the point. I do not think we have yielded our right to demand the statements.

Mr. LESAGE: In the case of practically all companies on whose behalf witnesses were called we have received financial statements. In the case of A. & P. we did not get a financial statement, but if I remember rightly we were told the capital employed in the operation and the net profit.

The CHAIRMAN: Yes.

Mr. LESAGE: If we could have those figures for this company for the years 1946 and 1947 it would not be a disclosure of their financial statement.

Mr. McLEAN: If, in your opinion, Mr. Chairman, the information is required it is available to you, but as we stated we prefer not to produce it if you can get along without it.

The CHAIRMAN: Well, it is not for me to say; it is for the committee to decide whether the information is of material concern and interest for the purposes of this committee. If it is, and if the committee insists, then it must be produced.

Mr. IRVINE: I do not see how we can decide whether a thing is of value to us until we know what is contained therein. As far as I am concerned every company that appears before us should be prepared to make available its financial statements for years of operation of their business which are under discussion.

Mr. McLEAN: Perhaps the trading figures asked for by Mr. Lesage and Mr. Beaudry would reveal what you want.

Mr. IRVINE: I doubt whether that information would be adequate but it is for the committee to say whether it wants any more information. As far as I am concerned I would want the whole thing.

The CHAIRMAN: Well, of course, Mr. Irvine, if the committee has any feeling in that direction it can send its auditors into the business at any time it wishes.

Mr. IRVINE: I think that should be done.

Mr. LESAGE: Well, Mr. Chairman, for the committee's purposes the net profit figure with the capital employed is important in order to make a comparison with the gross profit, and to decide whether or not in the operations of 1946 and 1947 there was a loss in the butter department. That is the importance of the information and as far as I am concerned the figures of the capital employed and the net profit to the company before and after taxes would be sufficient.

Mr. MACINNIS: May I quote from the record to show what has been done so far in this matter. I am referring to page 732.

Mr. MONET: What page?

Mr. MACINNIS: 732.

Mr. MACINNIS: I understood yesterday that we were going to get the financial statement of this company. Has that been filed yet?

Mr. CLEAVER: I wonder if Mr. Bird would be allowed to give us the information which he has. If there is anything lacking, so far as I am concerned, I will ask for it.

The WITNESS: You wanted meat?

Mr. CLEAVER: Yes.

The witness then goes on to give a figure which is not important in this matter.

Mr. MACINNIS: Following that up, Mr. Chairman, is the committee going to get the same information from this company as the others?

Mr. CLEAVER: I think we should have all the information they are willing to give and look at it and then make up our minds.

The CHAIRMAN: I think, as I said yesterday, at some stage we are going to have to decide whether or not to send accountants to all of these companies ourselves. Counsel is giving consideration to a proposal along that line and may be prepared to express his opinion tomorrow.

Then Mr. Homuth made a point and the chairman said this:

I think that is correct. What we get here is piecemeal. But as Mr. Homuth says it will be better to have our accountants do that. We will want to consider that in the light of a proposal which counsel has under consideration and will present perhaps tomorrow or the day after.

Now as far as my memory goes we have not insisted on the receipt of a statement from A. & P. and we have not received it.

The CHAIRMAN: I think that is a summary of the position.

Mr. IRVINE: Well, Mr. Chairman, we can perhaps leave it at the moment and the committee can decide whether it is important enough to send an accountant.

Mr. LESAGE: Yes, but just the same I would like the information about the profit.

The CHAIRMAN: It is agreed that we will receive that information.

Mr. FREEMAN: You want the net profit and the capital employed?

Mr. LESAGE: Do you have that information with you?

Mr. FREEMAN: No, I have not got it with me but we will send it to you quite promptly. You require it for what years?

Mr. LESAGE: The financial year ending the 31st March, 1946; the financial year ending the 31st March, 1947; and the first eleven months of the present fiscal year.

Mr. McLEAN: Would you like our auditors to approve those figures which we send?

Mr. LESAGE: It would be quite satisfactory to me if they were not approved, but I suppose it would be better if they were.

Mr. McLEAN: If you desire that, we will furnish it.

Mr. LESAGE: It would be quite satisfactory.

Mr. MONET: Could you do that? It would be better if it were approved.

Mr. WINTERS: Do you sell to wholesalers in the maritimes?

Mr. McLEAN: Yes we do.

Mr. WINTERS: Could you say who they are? Have you a list of them?

Mr. McLEAN: We do most of that business through brokers. The butter we might sell would be delivered to the maritimes.

Mr. WINTERS: Brokers operating in Montreal?

Mr. McLEAN: Yes.

The CHAIRMAN: So there will be no misunderstanding on this point you raised, I want it clearly understood that the committee is not deciding now what it shall do, but it should be known that the committee has the power of eliciting any information which it wants to enable it to make as complete an enquiry as possible. I think that should be stated. You may bring that point up this afternoon at an executive session of the committee.

Are there any other questions?

Mr. LESAGE: Yes; what is your stock of butter today?

Mr. McLEAN: Just offhand I do not know, Mr. Lesage.

Mr. LESAGE: You have no figures for the end of last week?

Mr. McLEAN: No. We were here from Tuesday night to Friday night and we worked all day Saturday to get some of the figures we were asked to look up. We were so busy we forgot to look and see what we were doing in our own business.

Mr. LESAGE: The last figure we have here is the figure for the 28th of February, 1948. You cannot give me any figure for any date after that?

Mr. McLEAN: I am not trying to evade the question, Mr. Lesage; I really do not know, but our stock is decreasing.

Mr. LESAGE: You know why I am asking you that question. People are concerned about the fact they can hardly get butter.

The CHAIRMAN: You are in the same position as all of us, our wives are going after us.

Mr. FREEMAN: Would you include us in that? May I ask one question? This information, when it is sent up, will it be incorporated in the evidence?

Mr. MONET: Oh, yes, it will.

Mr. FREEMAN: This is not information for the committee alone?

Mr. MONET: It is for the members of the committee, but all information is recorded.

The CHAIRMAN: Any information which is based on a question before this committee is included in the record.

Thank you very much, Mr. McLean and Mr. Freeman.

Mr. MONET: The next witness, Mr. Chairman, is Mr. Aird.

The CHAIRMAN: What was the answer to your question about the current supplies of butter?

Mr. LESAGE: The answer was that Mr. McLean had been here for some time; he was not in Montreal so he could not give me any figure. The last figure we have is for February 28, 326,000 pounds.

Mr. MONET: Would it have increased since then or decreased?

Mr. McLEAN: Definitely decreased.

Mr. HOMUTH: That is the natural thing to happen in the spring.

Mr. McLEAN: Yes.

Mr. MONET: When do you expect your stock to start going up?

Mr. McLEAN: Not until the month of May.

The CHAIRMAN: Just following up Mr. Homuth's remark, you are not withholding any butter now from the public?

Mr. McLEAN: Not from our regular trade.

The CHAIRMAN: From your regular trade?

Mr. McLEAN: We have just sufficient butter to look after the people whom we call our customers. We are not withholding butter from sale.

The CHAIRMAN: There may be an impression butter is being deliberately withheld. Since people are concerned about the shortage at the present time, I think we ought to take this opportunity, while this inquiry is continuing and evidence is being adduced, to ascertain whether that is so. If that is not the case, it should be stated.

Mr. McLEAN: Well, Mr. Martin, in a matter of a week or ten days we are going to be very embarrassed with our own customers. They are going to be out of butter.

Mr. HOMUTH: The witness made it quite clear the other day that they would refuse to sell butter, perhaps, to people who had never dealt with them before, the same as the corner grocer will do sometimes. However, I think they have never withheld supplies from their own customers.

Mr. MACINNIS: I do not know just what the legal position is on that point. Has a company in the public business of buying and selling got the right to refuse to sell to a customer just because that customer had not bought from that company before? It might very well be that a shortage of butter could be created by firms holding butter for special customers. There is, I believe in some quarters, a definite shortage of butter; but from the figures we have it would appear there is considerable butter in storage with this company.

Mr. MERRITT: Surely, we are going to get into this position: if you use up all the butter now, there will not be any at the end of April. This seems to me to be the supply and effective demand working at a price. If these people are withholding butter from anyone but their regular customers they are just exercising precisely that distribution control which Mr. Taylor, in his evidence, told us would have to be employed in the event a shortage developed.

Mr. LESAGE: I think if all the butter presently in the warehouses was sold to the people who wanted to buy it now, we would likely witness, first, a black market and secondly, the complete disappearance of butter in two weeks.

Mr. McLEAN: That is correct, Mr. Lesage.

Mr. MACINNIS: The withholding of butter, then, is not the solution. We had just as grave a shortage of butter during the war years.

Mr. MERRITT: We had rationing.

Mr. MACINNIS: All right, we had rationing. Instead of the government doing the rationing, the rationing is done by certain companies.

Mr. HOMUTH: Oh, no.

Mr. LESAGE: It is not rationing, it is distribution.

Mr. MACINNIS: It is rationing. This company decides who is going to get the butter which it has in stock.

Mr. HOMUTH: They do not, they simply decide that, since they have built up a business and have customers, those customers receive first consideration. If they had a surplus of butter, they might deal with others. It is only good business.

Mr. MACINNIS: Before Mr. Homuth answers my question by a direct, "they do not"; they have said they are doing it.

The CHAIRMAN: Mr. Freeman wishes to make a statement.

Mr. FREEMAN: By April 10, at the very latest, we and our customers will be out of butter. We are not going to be able to buy any butter until the second half of April. We will have no butter and our customers will have no butter.

The CHAIRMAN: You have said butter is being withheld for your regular customers. Apart from the merits of that, is any butter being held by you for the purpose of raising the price?

Mr. FREEMAN: No, the price is at the ceiling. Actually, it would be to our advantage to sell all our butter today and save the carrying charges. We are trying to do a distributive job and avoid the point raised by Mr. Lesage.

Mr. LESAGE: The black market and the complete disappearance of butter.

Mr. FREEMAN: Yes.

Mr. LESAGE: Are you buying any butter at the present time?

Mr. FREEMAN: We cannot.

Mr. McLEAN: We have not been able to buy one pound of butter in six weeks.

Mr. IRVINE: Mr. Chairman, I do not suppose this is the place to discuss a matter of policy in regard to the distribution of butter. If it were, I should certainly have something to say about it.

Mr. MACINNIS: Let me reply to a statement made by Mr. McLean, that they had not bought any butter for the last six weeks. We are in the third week of March. According to the company's own statement, butter bought by the company during the month of February amounted to 239,000 pounds.

Mr. McLEAN: All in the very early part of February.

Mr. MACINNIS: That seems to me to be quite a large amount since in the month of February, 1946, the company did not buy any. They were not able to buy it. So, you cannot say you are not buying any in March; we will have to wait and see.

Mr. McLEAN: We have not bought any butter for six weeks. I think my statement is still correct; that must have been in the very early days. It only shows the total purchased for the month. We do not expect to be able to buy any butter until the end of the third week in April, when production picks up. I hope we are wrong.

The CHAIRMAN: This committee will continue to be interested in this question. Next witness.

Mr. MONET: The next witness is Mr. Aird, of Dominion Dairies Limited.

William Robert Aird, President, Dominion Dairies Limited, called and sworn:

By Mr. Monet:

Q. Mr. Aird, would give the committee your full name?—A. William Robert Aird.

Q. Your address?—A. 490 Strathcona Avenue, Westmount.

Q. I understand you are president of Dominion Dairies Limited?—A. Right.

Q. Would you tell the members of the committee where the head office of the Dominion Dairies Limited is situated?—A. 7460 Upper Lachine Road Montreal.

Q. Would you also give the members of the committee the date of the incorporation of the company?—A. 30th of March, 1943.

Q. Now, Mr. Aird, you were requested to file some information with the secretariat to be given as evidence before the committee. Would you look at this statement entitled, "Reply to questionnaire *re* information required from manufacturers and wholesalers of butter", and tell the members of the committee if those answers were prepared by your company?—A. That is right.

Q. I take it you accept these statements in this document which will be filed as exhibit 65? There are copies for each member of the committee, Mr. Chairman. Before exhibit 65 is distributed, would you also file, as Exhibit 66 the annual report of your company for the year ending March 31, 1947?—A. Yes.

Q. And the subsidiary companies are included in that report?

Mr. MacINNIS: Mr. Monet, you filed exhibit 64 this morning; have you copies of that?

Mr. MONET: No, it will be distributed this afternoon. It was not mimeographed.

EXHIBIT No. 65: Statement on butter operations—Dominion Dairies Limited.

REPLIES TO QUESTIONNAIRE *RE* INFORMATION REQUIRED FROM MANUFACTURERS AND WHOLESALERS OF BUTTER

1. Dominion Dairies Limited.

2. 30th March, 1943.

3. Acme Farmers Dairy Limited, Walmer Road & MacPherson Ave. Toronto, Ont. Elmhurst Dairy Limited, 7460 Upper Lachine Road, Montreal, Que. Hull Dairy Limited, 200 St. Joseph Boulevard, Hull, Que. The Producers Dairy Limited, 275 Kent Street, Ottawa, Ont. Crescent Creamery Company Limited, 542 Sherburn St., Winnipeg, Man.

4. Elmhurst Dairy (Division)—7460 Upper Lachine Road, Montreal, Que. 6240 Hutchison St., Outremont, Que.; 101 River Ave., Verdun, Que.; Hudson, Que.; Richmond (Upper Melbourne), Que.; Henryville, Que.; Clarenceville, Que.; Huntingdon, Que.

The Producers Dairy (Division)—275 Kent Street, Ottawa, Ont.; 2 St. Joseph Blvd., Hull, Que.; Buckingham, Que.; Shawville, Que.; Campbell Bay, Que.; Almonte, Ont.

Acme Farmers Dairy (Division)—Walmer Road & MacPherson Ave. Toronto, Ont.; 2359 Danforth Ave., Toronto, Ont.; Centre Island, Toronto, Ont. 254 Berkeley Street, Toronto, Ont.; Napanee, Ont.; Sydenham, Ont.

Crescent Creamery Company, Limited—542 Sherburn Street, Winnipeg, Man.; Portage La Prairie, Man.; Swan River, Man.; Steinbach, Man.; Yorkton, Sask.

5. See accompanying schedules and note.

6. See note.

7. Financial Statements for year ended 31st March, 1947, of Dominion Dairies Limited and Crescent Creamery Company, Limited are enclosed.

NOTE—Dominion Dairies Limited and Crescent Creamery Company, Limited do not keep separate Trading Accounts for butter. The operations at the plant which butter is produced are diversified and are employed mainly in the manufacture of other dairy products.

facture of concentrated milk products. They are also sources of supply for milk and cream that is shipped to city plants for distribution from the vehicles of the company and for cream that is used in the manufacture of ice cream. The butter produced at these plants is sold mainly from the same vehicles that distribute milk and cream. For this reason it is not practical from an accounting or operating standpoint to keep separate Trading Accounts for butter. The selling price of butter by the company is governed by the quoted Market Price for butter on either the Toronto or Montreal Exchanges and we have shown on the enclosed table the average selling price for butter month by month for the years in question together with the average quoted Montreal Market Price per carload lots.

DOMINION DAIRIES LIMITED

7460 Upper Lachine Road, Montreal, Quebec

QUANTITIES AND VALUE OF BUTTER—BY MONTHS

Month		Quantities of butter—Lbs.					Average per lb.				
		On hand at beginning of month	Purchases during month	Make	Sub-total	Sales during month and transfers	On hand at end of month	Sales during month only	Market price	Selling price	Margin between market price and selling price
1946											
January.....	359,640	172,794	93,552	625,986	396,544	229,442	389,814	36.5	38.4	1.9	
February.....	229,442	128,451	96,275	454,168	315,002	139,166	312,119	36.5	38.5	2.0	
March.....	139,166	55,072	183,684	377,922	286,226	91,696	286,226	36.5	38.6	2.1	
April.....	91,696	25,390	285,463	402,549	281,820	120,729	281,393	40.5	42.5	2.0	
May.....	120,729	48,534	554,083	723,346	408,903	314,443	408,903	39.1	41.2	2.1	
June.....	314,443	213,146	805,211	1,332,800	555,293	777,507	555,293	38.6	40.3	1.7	
July.....	777,507	53,578	724,541	1,555,626	566,456	989,170	566,456	40.0	40.9	0.9	
August.....	989,170	161,746	544,318	1,695,234	518,175	1,177,059	518,175	40.5	42.1	1.6	
September.....	1,177,059	92,838	431,654	1,701,551	459,242	1,242,309	456,444	40.5	42.0	1.5	
October.....	1,242,309	96,586	406,394	1,745,289	489,475	1,255,814	489,094	40.5	42.2	1.7	
November.....	1,255,814	.....	205,682	1,461,496	431,517	1,029,979	428,778	40.5	42.3	1.8
December.....	1,029,979	32,966	181,371	1,244,316	468,624	775,692	468,419	40.5	42.3	1.8	
Total.....	.....	1,081,101	4,512,228	.....	5,177,277	.....	5,161,114	.....	.....	.....
1947											
January.....	775,692	108,921	194,868	1,079,481	597,605	481,876	596,874	40.5	42.1	1.6	
February.....	481,876	94,631	133,252	709,749	456,454	253,295	456,328	40.5	42.7	2.2	
March.....	253,295	78,379	292,385	624,059	473,400	150,659	472,995	40.5	42.4	1.9	
April.....	150,659	108,181	395,404	654,244	538,709	115,535	537,471	40.5	42.4	1.9	
May.....	115,535	58,816	606,927	781,278	381,778	399,500	381,454	48.4	52.1	3.7	
June.....	399,500	32,000	820,058	1,251,558	551,248	700,310	550,616	50.1	51.5	1.4	
July.....	700,310	418,688	736,652	1,855,650	616,709	1,238,941	588,087	50.2	52.6	2.4	
August.....	1,238,941	104,358	650,683	1,993,982	643,255	1,350,727	605,179	55.5	56.9	1.4	
September.....	1,350,727	114,544	626,948	2,092,219	496,562	1,595,657	484,698	59.6	62.6	3.0	
October.....	1,595,657	24,440	539,801	2,159,898	594,820	1,565,078	572,946	60.7	60.7	3.2	
November.....	1,565,078	92,274	181,064	1,838,416	558,827	1,279,589	525,097	60.5	65.3	4.8	
December.....	1,278,589	18,598	107,788	1,405,975	576,833	829,142	452,548	66.4	68.4	2.0	
Total.....	.....	1,253,830	5,285,820	.....	6,486,200	.....	6,224,293	.....	.....	.....

1948

January.....	829, 142	91, 294	107, 138	1, 027, 514	419, 751	607, 763	406, 572	67.9	69.9	2.0
February.....	607, 763	14, 950	114, 091	736, 804	425, 211	311, 593	403, 843	67.7	69.6	1.9
January.....	375, 199	68, 484	181, 692	625, 375	364, 623	260, 752	363, 663	35.3	37.1	1.8
February.....	260, 752	28, 348	156, 195	445, 295	233, 777	211, 518	232, 183	35.3	37.1	1.8
March.....	211, 518	32, 960	257, 737	502, 215	276, 548	225, 667	275, 764	35.3	36.7	1.4
April.....	225, 667	21, 430	385, 715	632, 812	453, 865	178, 947	453, 865	35.3	36.1	0.8
May.....	178, 947	16, 224	595, 355	790, 526	508, 943	281, 583	508, 943	33.2	34.8	1.6
June.....	281, 583	47, 852	915, 278	1, 244, 713	609, 234	635, 479	609, 234	33.1	34.3	1.2
July.....	635, 479	19, 890	819, 560	1, 474, 929	729, 046	745, 883	729, 046	33.3	34.3	1.0
August.....	745, 883	15, 826	710, 960	1, 472, 669	633, 379	838, 690	633, 379	33.3	34.3	1.0
September.....	838, 690	34, 013	590, 757	1, 463, 460	577, 943	885, 517	577, 943	33.8	35.1	1.3
October.....	885, 517	26, 650	347, 422	1, 259, 589	423, 106	836, 483	423, 106	34.5	36.1	1.6
November.....	836, 483	42, 810	119, 111	998, 404	351, 043	647, 361	351, 043	35.1	36.9	1.8
December.....	647, 361	33, 712	111, 702	792, 775	368, 238	424, 537	368, 238	35.3	37.1	1.8
Total.....		388, 199	5, 191, 484		5, 530, 345		5, 527, 007			

1944

January.....	424, 537	93, 104	117, 830	635, 471	348, 140	287, 331	348, 140	35.3	37.1	1.8
February.....	287, 331	219, 154	123, 866	630, 351	350, 608	279, 743	350, 608	35.3	37.2	1.9
March.....	279, 743	66, 658	203, 703	550, 104	409, 220	140, 884	409, 220	35.3	36.8	1.5
April.....	140, 884	85, 483	297, 509	523, 876	376, 765	147, 111	376, 765	35.3	36.8	1.5
May.....	147, 111	79, 502	593, 863	820, 476	478, 054	342, 422	478, 054	33.8	36.2	2.4
June.....	342, 422	94, 795	802, 318	1, 289, 535	713, 667	585, 868	713, 667	33.4	34.6	1.2
July.....	585, 868	18, 520	794, 750	1, 399, 138	601, 053	798, 085	601, 053	33.9	34.9	1.0
August.....	798, 085	28, 820	653, 705	1, 480, 610	511, 575	969, 035	511, 575	34.6	35.6	1.0
September.....	969, 035	42, 407	516, 126	1, 537, 568	564, 968	962, 600	564, 968	35.2	36.3	1.1
October.....	962, 600	45, 368	381, 849	1, 389, 817	357, 031	1, 032, 786	357, 031	35.2	37.1	1.9
November.....	1, 032, 786	21, 900	206, 047	1, 260, 733	375, 802	884, 931	375, 802	35.2	37.0	1.8
December.....	884, 931	31, 250	164, 310	1, 080, 491	399, 023	681, 488	399, 023	35.2	37.0	1.7
Total.....		826, 961	4, 915, 876		5, 485, 906		5, 485, 906			

DOMINION DAIRIES LIMITED

QUANTITIES AND VALUE OF BUTTER—By MONTHS

7460 Upper Lachine Road, Montreal, Quebec

Month	Quantities of butter—Lbs.					Average per lb.			
	On hand at beginning of month	Purchases during month	Make	Sub-total	Sales during month and transfers	On hand at end of month	Sales during month only	Market price	Selling price
								cts.	cts.
1939									
January.....	1,094,697	11,850	128,563	1,235,110	512,598	722,512	511,666	22-8	23-2
February.....	792,512	50	109,044	831,906	477,680	353,926	476,071	22-3	23-1
March.....	353,926	11,350	166,474	531,750	411,965	119,785	411,019	21-7	23-5
April.....	119,785	64,233	277,079	461,097	362,247	98,850	360,917	21-5	23-0
May.....	98,850	46,619	495,015	640,384	403,314	237,170	397,809	20-9	22-1
June.....	237,170	22,550	771,590	1,031,310	554,835	476,475	551,379	22-0	22-8
July.....	476,475	55,104	623,244	1,154,823	452,091	702,732	441,942	21-8	23-1
August.....	702,732	56,203	581,757	1,340,692	406,249	934,443	394,742	21-6	22-8
September.....	934,443	73,768	542,487	1,550,698	500,187	1,050,511	496,827	26-6	26-3
October.....	1,050,511	28,728	406,552	1,485,791	391,064	1,094,727	390,290	27-8	29-1
November.....	1,094,727	14,425	229,780	1,338,932	411,600	927,332	406,928	28-2	29-4
December.....	927,332	12,096	168,084	1,107,512	404,051	703,461	400,328	28-0	29-4
Totals.....	.....	396,976	4,499,669	.....	5,287,881	.....	5,239,918	.....	.....
1940									
January.....	703,461	15,056	138,740	857,257	378,474	478,783	376,010	27-7	29-0
February.....	478,783	70,409	118,618	667,810	413,985	253,825	410,676	26-8	28-2
March.....	253,825	148,339	146,408	548,672	391,753	156,919	390,232	27-7	29-3
April.....	156,919	56,755	272,189	485,863	354,187	131,676	348,752	26-5	28-5
May.....	131,676	25,984	478,711	636,371	406,543	229,898	393,540	23-3	24-8
June.....	229,828	12,768	736,209	978,805	384,370	594,435	374,280	22-5	24-3
July.....	594,435	51,184	731,493	1,377,112	408,290	968,822	383,777	22-7	23-8
August.....	968,822	104,008	602,714	1,675,544	597,384	1,078,160	577,230	22-4	23-4
September.....	1,078,160	22,442	469,663	1,570,265	501,651	1,068,614	485,425	23-4	24-3
October.....	1,068,614	53,392	351,346	1,473,352	493,405	979,947	487,563	27-7	27-9
November.....	979,947	99,429	188,404	1,267,870	478,696	689,174	473,413	30-2	31-4
December.....	789,174	81,816	154,384	1,025,374	331,972	693,402	322,228	34-9	32-5
Totals.....	.....	741,682	4,388,969	.....	5,140,710	.....	5,023,135	.....	.....

**SCHEDULE SHOWING PROFIT OR LOSS PER POUND ON COMBINED
BUTTER OPERATIONS OF DOMINION DAIRIES LIMITED AND
ITS SUBSIDIARY CRESCENT CREAMERY
COMPANY LIMITED**

Year ended 31 March 1944.....	Loss	1·23
Year ended 31 March 1945.....	Loss	1·15
Year ended 31 March 1946.....	Loss	·84
Year ended 31 March 1947.....	Loss	2·19
9 mons. to 31 December 1947.....	Profit	1·31

This schedule shows the profit or loss per pound of butter (before income taxes) in our fiscal years ended 31st March, 1944 to 1947 inclusive and for the nine months ended 31st December, 1947. We do not operate butter Trading Accounts, and in order to arrive at the figures as shown on this schedule we have estimated on a unit basis the expenses applicable to butter.

EXHIBIT No. 66—Copy of annual report of Dominion Dairies Limited for year ending 31st March, 1947. (filed).

Mr. MONET: Exhibit 65 is the statement; exhibit 66 is the annual report.

By Mr. Monet:

Q. Mr. Aird, before asking you some general questions on your trade I should like to refer you immediately to page 1 of exhibit 65 and ask you to describe for the benefit of the members of the committee the operations of the different plants to which you refer on that page. Start with paragraph 3. Would you tell the members of the committee what are the subsidiary companies listed under that paragraph?—**A.** Dominion Dairies Limited is the operating company and own wholly Acme Farmers Dairy Limited of Toronto, Elmhurst Dairy Limited of Montreal, Hull Dairy Limited, Hull, and the Producers Dairy Limited of Ottawa. Dominion Dairies is the operating company. These four small companies are small companies with ten shares of capital stock. They were incorporated at the time Dominion Dairies came into being so that the operations could be continued in those four cities, Toronto, Montreal, Hull and Ottawa, and maintain the names of the companies whose assets they bought on the 30 of March, 1943.

By Mr. MacInnis:

Q. There is Crescent Creamery Company here.—**A.** I will cover that in a moment. Those four companies make no profit and make no loss. They are just there for the purpose of continuing the operations under the names of the respective companies. In the case of the Crescent Creamery Company that is a different proposition. Crescent Creamery Company is a subsidiary company owned through partial ownership of the preferred shares and all of the common shares except the qualifying directors' shares. I think that answers the question there as far as I can.

By Mr. Monet:

Q. Can you tell the members of the committee when each of those companies was incorporated?—**A.** Acme Farmers Dairy Limited, the present company, was reincorporated in 1943 about the same time as Dominion Dairies. I have not got the exact date of that because they are not operating companies. All of the operations of Dominion Dairies and those companies are in Dominion Dairies, in the balance sheet which I have submitted to you.

Mr. PINARD: Would you ask the witness what he means by reincorporated?

The WITNESS: On March 30, 1943, Dominion Dairies was formed and bought the assets of these other companies. As all of the assets were owned by Dominion Dairies we formed these four small companies in order to carry

on under the trade names of Acme Farmers, Producers, Elmhurst and Hull, Laiterie de Hull.

By Mr. Monet:

Q. Can you give us the date of incorporation of the Elmhurst Dairy?—A. It was somewhere in 1873 originally.

By Mr. Irvine:

Q. Dominion Dairies?—A. Elmhurst somewhere in 1873.

By Mr. Monet:

Q. Would you be able to supply the committee with the exact dates for the incorporation of all these subsidiary companies?—A. Yes.

By Mr. Irvine:

Q. How about Dominion Dairies itself? When was it incorporated?—A. The 30th of March 1943.

Q. Has it any business apart from operating these other companies?—A. No.

By Mr. Monet:

Q. That is what I am having the witness describe just now. Referring to the Crescent Creamery Company Limited, Mr. Aird, what have you to say about it?—A. Crescent Creamery Company is a subsidiary company. Dominion Dairies have ownership in about 42 per cent of the preferred stock and all of the common stock except the directors' qualifying shares.

Q. And it also operates for the benefit of Dominion Dairies Limited?—A. No. The only income Dominion Dairies get from Crescent Creamery Company is in the form of a dividend on their investment if and when paid.

Q. A dividend paid by Crescent Creamery Company to Dominion Dairies Limited?—A. To its shareholders, and we are a shareholder, so we get it.

Q. What proportion of shares have you got?—A. We have 42½ per cent of the preferred stock.

The CHAIRMAN: As a matter of convenience, Mr. Arsenault has been discussing this matter with me, and I take it it will not be necessary to put the annual report into the record. It is an exhibit. We do not want to clutter up the record too much. We did make a mistake and put one of them in.

The WITNESS: I was asked for it.

The CHAIRMAN: Oh, we definitely want it, but it will be an unrecorded exhibit available to members of the committee.

By Mr. Monet:

Q. Coming to paragraph 4 on the first page would you describe the nature of the operations of the four main city dairy plants? I understand you have four main dairy plants. Is that correct?—A. Yes.

Q. The Elmhurst Dairy division?—A. Yes.

Q. The Producers Dairy division?—A. Yes.

Q. Acme Farmers Dairy division?—A. Yes.

Q. And the Crescent Creamery Company Limited?—A. That is not a division. That is a separate company.

Q. Would you explain the operations of each of those four?—A. Well, taking the three operations first, Elmhurst, Producers and Acme Farmers, as I said, they are wholly owned by Dominion Dairies. Dominion Dairies operates them and the assets and all of the things they do are done by Dominion Dairies. We supply staff, personnel and all the rest of it. We have three main city plants in Montreal, Ottawa and Toronto, and we have eight distributing depots. We are primarily milk and cream distributors, butter distributors, ice cream manufacturers and distributors. We manufacture milk powder and condensed

milk, and all of these three divisions of Dominion Dairies, these various plants that are listed which I will refer to in a moment, are sources of supply of the dairy products that are handled in and through these three divisions in their respective cities. Let us take Montreal. We have the main bottling and pasteurizing and distribution plant at Upper Lachine road. We have a distributing depot up on Hutchison street in the north end.

Q. Excuse me for interrupting, but I should like to know the number of each so the committee can follow it up properly. I understand you have four main city dairy plants?—A. Yes.

Q. You have given the nature of their operations?—A. And eight depots.

Q. Tell the members of the committee how many depots you have?—A. Eight, four in Montreal, two in Ottawa, two in Toronto.

Q. Name the depots in Montreal.—A. There is one on Hutchison street taking care of the north end, one on River Avenue, Verdun, taking care of the southern part, one in the municipality of Hudson, Quebec, which takes care of a number of residents throughout five or six municipalities located adjacent to there. There is one at Huntingdon, Quebec, taking care of Huntingdon.

Q. Those are the four distributing depots?—A. Yes.

Q. How many have you got in the Producers Dairy division?—A. Two, one in Hull and one in Buckingham.

Q. How many have you got in the Acme Farmers Dairy division?—A. Two, one on Danforth avenue and one on Centre Island.

Q. You have none in Crescent Creamery Limited?—A. No.

Q. Describe the nature of the operations of these distributing depots?—A. Well, our chief function is to deliver products by our vehicles, whether they be horse-drawn or motor vehicle, to over 110,000 homes a day.

Q. 110,000 homes a day, for all of them?—A. For all of them, including Winnipeg.

Q. Now, I understand you also have one creamery. Is that correct?—A. Well, we have one plant that is only engaged in the manufacture of butter, and that is out in the province of Saskatchewan at Yorkton. All of the other country plants are diversified operations.

Q. Would you explain that? Tell the members of the committee what you mean by that?—A. I will have to pretty well take them one by one because the operations are different. I can group them all in the one lot if you like. Take, for instance, the plant at Richmond. It is really Upper Melbourne but is known as Richmond. That operates as a source of supply of milk and cream for the Elmhurst division in Montreal. Henryville is the same. Clarenceville has a dual operation in that it buys what we call milk that is not inspected for use in the city of Montreal. We are tied in with a lot of regulations, but Clarenceville buys uninspected milk and churns their cream into butter and makes casein out of the residue, or skim. Huntingdon is a plant that has just recently started into operation, and will be operated very similar to Richmond as a source of supply of milk and cream for the Montreal market.

Q. Do all these plants, Mr. Aird make or sell butter?—A. All of those listed sell butter. They do not all make it.

Q. Which are the ones that do not make it.—A. Hutchinson street, River avenue, Hudson, Richmond, Henryville and Huntingdon.

Q. All the others will be making butter?—A. No, no.

Q. Which are the ones that do not make it?—A. Hutchison street, River not make butter. Hull does not make butter. Buckingham does not make butter. Shawville, Campbell's Bay and Almonte do. They are a diversified operation, not wholly butter. Walmer Road makes butter. Danforth avenue does not. Centre Island does not. Berkeley does not. Napanee does not. Sydenham does. Napanee and Sydenham are close together. Any surplus butter fat is churned into butter at Sydenham.

Q. Is it your policy to sell butter when manufactured or to hold it?—A. We do all three.

Q. Give some explanation as to that.—A. During the war the general policy was altered to take care of changed conditions when the Wartime Prices and Trade Board came into being and the price of butter was fixed. Our policy since the 1st of June has reverted back to what it was prior to the war. We can by experience reasonably estimate what our requirements of butter will be together with our estimated make of butter to see us through one season until the next. Our policy has been to accumulate as well as make. By the way, we make approximately 80 per cent of the butter we sell, so therefore there is approximately 20 per cent that we have got to find to see us through. Sometimes we guess right and sometimes we guess wrong on our butter. Our butter is sold to 110,000 customers. They do not all buy butter from us. Right now they would all like to because we have not got much to sell, but there are many of them who do not buy from us throughout the year. Perhaps this might be interesting. The distribution retail is 33·81 per cent on the operations for the nine months ending December 31.

Q. We will come to that later in the figures you have submitted to us. I want you to give the members of the committee the policy of your company when it is manufactured, whether you hold it or sell it immediately.—A. We make or accumulate as we require for our customers.

Q. Has that always been the policy of your company?—A. Always except, as I say, during a part of the war period when butter was rationed. We did not know whether the ration would be raised or decreased so therefore we discontinued that policy to a certain extent, and had to be governed by what we thought might happen to the butter industry. With a free market you can reasonably estimate what your customers are going to take. On a rationed market you do not know.

Q. What would determine the quantity of butter you would hold after it being manufactured?—A. Our reasonable requirements from month to month to see us through till the following production year.

Q. For the customers?—A. For the customers we have.

Q. How long would you have to hold butter to meet these requirements?—A. We do not hold butter very long in our requirements because we make about 80 per cent of the butter that we sell, and at no time do we have much over three months' requirements of butter at the end of any peak month holdings.

Q. What would you do with the butter you buy? Would you hold that 20 per cent of butter you buy?—A. We buy it as we go along from month to month.

Q. From month to month?—A. Yes. Some months we buy more. We buy some in the summer time to put away for winter sales.

Q. And that butter you buy you also buy for the customers to whom you have referred?—A. All our trading is for our customers. We do not buy or sell butter on the market.

Q. You do not sell butter?—A. No, sir.

Q. All the butter you make or buy is purely for sale to your customers?—

A. To our own customers.

Mr. IRVINE: That is to consumers?

The WITNESS: To the consumers—hospitals, restaurants, hotels, institutions, the people we sell our dairy products to.

By Mr. Monet:

Q. You have your own cold storage, Mr. Aird?—A. We do both, depending upon the division operating. Throughout the greater part of the year we can store all our butter in our own warehouses. We do not operate any separate warehouses. Our warehouse is a part of our general organization and we do not

lease any warehouse space to anybody else. We do not warehouse anything for anybody else. We are a self-contained organization and we deal within ourselves.

Q. You do not lease any warehouse space to anybody else?—A. Not for the public, no.

Q. You use your warehouse space purely for the purposes of your company?—A. Right.

Q. And do you rent any storage accommodation from anybody else?—A. Yes, we do.

Q. What proportion of your butter would you store in public storage?—A. A very small proportion.

Q. What would be that proportion?—A. At the peak, 20 per cent in this area here, in Montreal it might run to 60 per cent, Winnipeg, very little—across Canada 15 per cent.

Q. Where did you say it would be 20 per cent?—A. In the Ottawa section.

Q. In Montreal you say you store about 40 per cent?—A. 40 per cent or 50 per cent at the peak.

Q. What is the cost of public storage to you, Mr. Aird?—A. I am speaking from memory now. I do not rent a warehouse but I buy it. It is costing us somewhere under a half a cent a pound a month. I would say between .45 and .5 cents a pound.

Q. Somebody made the statement to the committee yesterday that for the last few months these costs have increased?—A. That is right. I think the increase came into effect in the year 1947. It used to be 10 cents per box per month and that was increased to 11 cents a box and 3 cents extra for the first month. I think that would be correct.

Q. Did you at any time—you have already said you sell all your butter to your customers but I want to make this very clear—does your company at any time sell butter through the commodity exchange?—A. I have never bought or sold through the Montreal commodity exchange.

Q. Your company have never had any dealings with the commodity exchange?—A. No.

Q. Coming back to the production of butter, Mr. Aird, would you tell the members of the committee what basis you use in setting your price for butterfat?—A. That is the sixty-four dollar question.

Q. I do not know what question it is, but I would like you to answer, to give me a very full explanation.—A. I will have to say this about that: Where we buy butter as butterfat and churn it into butter, naturally we have to take into consideration the market price at which butter is being sold.

Mr. LESAGE: At that time?

The WITNESS: At that time, and the price as fixed by the milk control boards for milk for manufacturing purposes in the area in which we expect to buy the butterfat; and also competition in the vicinity of that plant from cheese or butterfat from manufacturers of cheese or manufacturers of butter. There is no definite fixed rule which you can use in arriving at it; rather it is a question of determining to the best of your ability how the market trend is and the price that may be fixed, or the condition in the butter market. It all depends on the demand for milk for manufacturing purposes because we have a manufacturing plant adjacent to us or in that same plant we are manufacturing butter we cannot buy milk for butter at less than we pay for manufacturing it for other purposes. We have to use the manufacturing price.

Mr. IRVINE: By the way, would you say whether your company manufactures cheese?

The WITNESS: We manufacture some cottage cheese but no cheddar cheese.

Mr. Low: Just in that connection, Mr. Aird, you might find that having determined the price in that area, the price that you would pay for butterfat,

you might have to revise it within a short time because you are not getting an adequate supply of milk?

The WITNESS: Yes. Well, in this area here we buy on a bi-monthly basis; that is, we pay on the 1st and the 15th, and the 16th to the 30th or the 31st; and that is determined by the average price of butter and cheese and milk for any other purposes to which I have referred. We are not going to be able to get the producer to ship his goods to us unless we meet the prevailing price in the area. Suppose somebody else needs more milk and the price goes up a couple or 3 cents a pound, we have to meet it. But there is no price fixing.

Mr. LESAGE: You mean, no fixed rule?

The WITNESS: No fixed rule, and I could go out and raise my price tomorrow if I had to get more butter.

By Mr. Monet:

Q. On that line would this be a fair statement to make: In determining the price of butterfat the main factors entering into consideration would be the wholesale price, the cost of manufacture, the overrun and the competition between creameries?—A. Not the cost of manufacture.

Q. No.—A. The cost of manufacturing does not enter into our purchase price of butterfat or the selling price of butter. It may be strange, but that is the fact, because the cost of manufacturing does not enter into the price we pay to the producer or the price at which we sell the butter.

Mr. LESAGE: Because it is constant?

The WITNESS: It is fairly constant on an annual basis but not on a monthly basis.

Mr. LESAGE: No, no; I agree with that.

Mr. WINTERS: But on a long-term basis it would have to enter into it, would it not?

The WITNESS: On a long-term basis, if you are going to stay in the butter business you have still got to follow the market.

Mr. IRVINE: You would not stay in the butter business if you did not make those expenses on your investment.

The WITNESS: I did stay in it, as you will see later on. Butter in an organization such as ours where we are dealing—I am not a buttermilkman, I am a milkman, and our job is to supply our customers, and it is a convenience more than anything else for the customer that we sell; so, therefore, when you get to look at my figures on butter you will find that I lost money on the basis that we figured our costs on butter.

Mr. McCUBBIN: It is only a service?

The WITNESS: It helps us to sell more milk.

Mr. WINTERS: But on a long-term basis the price has a relationship to cost.

The WITNESS: On a long-term basis we would not be in it.

By Mr. Monet:

Q. While we are on this question of butterfat, Mr. Aird, I would like you to give very clear information to the members of the committee on this butterfat price and the price of butter as at last April and May. I understand the subsidy on butterfat was removed last May, was it not?—A. The subsidy I think was removed on the 1st of May, yes.

Q. What was the subsidy on butterfat at that time?—A. On a pound of butterfat it was 10 cents.

Q. Now would you please tell the committee, when the subsidy on butterfat was removed to what extent the price of butter rose?—A. If I remember correctly, the average price of butter for the month of May was 48.5 cents.

Q. You mean from April to May?—A. The price went up, the market price went up 8½ cents.

Q. Is it not a fact that the price of butter was allowed to rise 10 cents when the subsidy on butterfat was removed?—A. The ceiling.

Q. The ceiling.—A. The ceiling was allowed to rise 10 cents but butter did not go up.

Q. You say it did not go up?—A. No, not on the market.

Mr. IRVINE: Never at any time from then on?

The WITNESS: Oh yes. I am talking about when the ceiling was removed.

By Mr. Monet:

Q. I am talking about when the ceiling was removed, because I want to make that very clear. Now, after the ceiling was removed I understand the price of butter rose quite considerably, did it not?—A. Yes, it went up to 50 cents average in June. It could have gone to 50 cents in May, but it did not go to 50 cents in May.

Q. Well, the rise then from June till the new ceiling was reimposed—did the removing of the subsidy have anything to do with the subsequent rises after May 1?—A. I do not understand your question.

Q. Did the removal of subsidies have anything to do with the rise in the price of butter after this first rise between May and June?—A. Well, the removal of the subsidy meant that we had to refund to the government, the corporation that pays the subsidy, 8·5 cents on the entire quantity of butter we held on April 30.

Q. That was at the time when the subsidy was removed?—A. Simultaneously with the removal of the subsidy we had to pay back 8½ cents a pound.

Q. In other words, Mr. Aird, the price of butter rose 8½ cents from April to May when the subsidy was removed?—A. Overnight.

Q. And you were called upon to turn back that 8½ cents?—A. Which we did, 8½ cents a pound.

Q. And that was on the butter that you were holding at that time?—A. Yes, sir.

Q. What I want to know, after the month of May the price of butter kept rising; is that right?—A. Yes.

Q. Until the month of October?—A. Yes, right until January.

Q. Well, did it not go up between October to November from 57 to 63?—A. Yes, but it came down from the high in September—it came down in October and went back up again in November.

Q. What I want to know now is if the removal of the subsidy, which caused the rise of 8½ cents between April and May, was also the cause of the increase in price from June to October?—A. I do not think the removal of the subsidy in May had anything to do with the subsequent rise in the price of butter, except to the extent of the original 8½ cents.

Q. That is what I want to bring out. Will you have to question the witness on that point, Mr. Irvine?

Mr. IRVINE: No.

Mr. MONET: That is all I have to ask on this point.

By Mr. Monet:

Q. What was the price paid for butter for the first of each month from June, 1947, to March, 1948?—A. From June, 1947, to March, 1948—there are only two places where we are able to store butter in large quantities—where we buy what is known as churning cream and churn it into butter, that is in Shawville and Campbell's Bay, both on the Quebec side north of Ottawa here, and in Manitoba and Saskatchewan; and in June—do you want me to give you these figures?

Q. Yes, please?—A. We paid 54.5 cents on the Quebec side for the first half of June, and 56 cents for the second half; 55.5 for the first half of July and 56 for the second half; 57.5 for the first half of August and 64 cents for the second half of August; 66 for the first half of September and 65 for the second half; 65 for the first half of October and 62.5 for the second half; 63.5 for the first half of November and 68.5 for the second half of November; 72.5 for the first half of December and 76.5 for the second half of December; 76 for the first half of January and 74 for the second half of January; and 74 for the first half of February. I did not have in my office the figure for the last half of February, but it would be about the same as the 74 cents for the first half. Now, I had better qualify that. That is the price for a pound of butterfat delivered to our plant and it costs us 3 cents a pound to haul it. The producer gets 3 cents less than the price I have given here.

Q. Three cents less is paid to the producer?—A. Yes.

By Mr. Pinard:

Q. Why is there that difference?—A. We pick it up at the farm, sir, and haul it to our plant, and our average over-all cost is 3 cents a pound for hauling it.

Q. Has that always been your custom?—A. In this area, yes. I was going to quote the Manitoba and Saskatchewan prices which are based on delivery by the producers to the plant. We do not do any hauling there.

By Mr. Monet:

Q. Would you give those figures, please, so that we may have a clear picture?—A. In Manitoba we buy on a cash daily basis, so therefore I have got to give you the average price paid for a pound of butterfat in a month. When a farmer ships us cream in Manitoba a cheque goes out the next day for that can of cream and so it is on a different basis to that of the Quebec operation.

Q. Give us the figures, please?—A. The monthly average for April was 42 $\frac{3}{4}$ cents; for the month of May, 52 cents; for the month of June, 52 $\frac{1}{2}$ cents; for the month of July, 53 $\frac{1}{2}$ cents; for the month of August, 56 $\frac{1}{2}$ cents; for the month of September, 62 $\frac{3}{4}$ cents; for the month of October, 62 $\frac{1}{2}$ cents; for the month of November, 62 $\frac{1}{2}$ cents; for the month of December, 68 $\frac{1}{2}$ cents; for the month of January, 70 $\frac{1}{2}$ cents; for the month of February, 69 $\frac{1}{2}$ cents.

Mr. IRVINE: 69 $\frac{1}{2}$ cents for the month of February?

The WITNESS: Yes, 69 $\frac{1}{2}$ cents for February.

By Mr. Monet:

Q. That is what you paid the producer for butterfat?—A. That is the average price paid for butterfat in those months I have mentioned in the provinces of Manitoba and Saskatchewan.

Q. And what did it cost you to bring it to the plant?—A. Nothing, that was a delivery to the plant price.

Q. That is a delivery to the plant price?—A. Yes.

Q. Have you got any other figures you can give as to prices?—A. No, I have not.

Q. Now, Mr. Aird, can you give the members of the committee an idea of what were, in your opinion, the main factors for the substantial increases in butter prices from January 1947 until the ceiling was re-imposed?—A. Well there were a number of contributing factors. The first and foremost factor was that when we got to July, particularly in this part of the country, we found that the crops were such—they were going to be poor—that it looked as though the make and the consumption were out of balance.

(Mr. Winters took the chair.)

Those were part of the picture. Also I think a contributing factor was the fact that the price of milk for other products had increased. It was somewhat

difficult as a buyer of milk for various products to tell the producer that he would get more for milk if it went into one product than if it went into another. That factor too entered into the picture. Fluid milk contributed in no small measure to the demands of the producers for a higher price.

By Mr. Lesage:

Q. Did the price of fluid milk have a very important effect?—A. Yes, on the 1st of October of the year before—

Q. For instance, the provincial dairy board in the province of Quebec fixed the price at 17 cents, 10 cents going to the producers, is that correct?—A. Yes.

Q. Which meant that the farmers were expecting a much higher return for their milk whether it was going to go into butter or cheese?—A. That is right.

Q. Well, the price has fallen now?

Mr. HOMUTH: Well, wait a minute, if we are going to start an argument on that—

By Mr. Monet:

Q. Now, Mr. Aird, would you tell the members of the committee who, in your opinion, benefited mostly from the rise in prices, the producer or the wholesaler?—A. I would say in the first instance the producer benefited and we benefited in our company. The consumer benefited to the extent that we got more butter that we would otherwise have had for them. Unfortunately the consumer paid more for it but if you want to get butter you have got to pay enough to keep it coming.

By Mr. Lesage:

Q. Well, in the fluid milk department the distributors got more of the increase than did the producers?—A. No.

Q. Is that correct?—A. No, I think I can prove it to you when you look at the figures I have submitted. Our operating spread between the market and those prices I quoted are approximately the same all the way along.

Q. No, but in regard to fluid milk?—A. I do not understand.

Q. Well, the producers did get less of the increase than the distributors received?—A. No, I do not think that is so. Are you talking of the fact the cream producers got less than the fluid milk producers?

Q. No, I mean the producers of fluid milk got less of the last increase than did the distributors?—A. That is milk, and I am not prepared to answer the question at the present moment because I have not got those figures with me.

By Mr. Irvine:

Q. May I ask a question arising out of the last answer. As I understood it the producers benefited by the increase, the dealers or manufacturers, whichever you call yourselves benefited, and the consumers benefited. In that case it must be a good thing to have had an increase in the prices?—A. It looks that way.

Mr. HOMUTH: It is a very happy circle.

Mr. IRVINE: Well, we are wasting our time here, Mr. Chairman, if that is the case.

Mr. FLEMING: You can say that again.

By Mr. Monet:

Q. How can you explain that the consumer did benefit from the rise in prices? I would like you to make that very clear because you have said the consumer did benefit from the rise in prices?—A. What I meant to infer was that the higher prices brought out more butter which enabled us to give the consumer more butter than if the price had been kept down.

Mr. IRVINE: Do you mean to say it affected the cows so that they milked more?

The WITNESS: It did not affect the cows but it affected the men who owned the cows.

Mr. IRVINE: They pulled harder?

By Mr. Lesage:

Q. Less cheese and more butter?—A. It swung milk away from cheese, the dual factories switched their operation from cheese toward butter.

Q. The edge was given to butter?—A. Yes.

By Mr. Monet:

Q. I understood there was an apparent shortage of butter last fall?—A. There was, and there is now.

Q. I am talking about last fall, and I know there is a shortage now. Last fall there was an apparent shortage of butter?—A. Yes sir, there was.

Q. I would like you to explain very clearly what you meant by the statement, and I think it is very important that you should explain it, when you said the consumer benefited from the increase in price. Did you mean that?—A. I meant, and I qualified the statement, that the higher prices brought out more butter. Now, if butter is beneficial to the consumer they did benefit because there was higher production. They did not benefit on the price.

Q. They would have benefited merely because there would have been more butter?—A. The consumer did benefit because there was more butter but the consumer did not benefit in regard to price. You can benefit in two ways.

Mr. LESAGE: Supply and price.

Mr. MONET: Yes, and I wanted that information because the way it was first put I could not just see it.

Mr. IRVINE: Can you say now to what extent the situation altered in favour of butter as compared to cheese? What was the percentage increase of milk that went to butter?

The WITNESS: I have no figures on that, Mr. Irvine, but I think the records will show that there was a considerably greater decrease in cheese production. If I remember rightly I think there was a slight increase in butter. The figure is in the record somewhere but I do not recall just where it is.

Mr. LESAGE: If you will look at Exhibit No. 52 you will find the production of butter for 1946 and 1947.

Mr. IRVINE: Is it compared to cheese?

Mr. LESAGE: No.

Mr. IRVINE: Well have we those comparative figures anywhere?

Mr. MERRITT: We had a statement on the matter from Mr. K. W. Taylor.

Mr. IRVINE: I think we ought to have that figure here somewhere, and while I am not disposed to doubt the word of the witness, nevertheless I would like more than the mere statement that there was an increase. I would like to know for sure.

Mr. MERRITT: I might say that we had a statement to that effect from the chairman of the Wartime Prices and Trade Board.

Mr. IRVINE: I think we did have a statement.

Mr. FLEMING: If it would be convenient for Mr. Monet, and if he was not going to ask this question himself, I would like to follow up Mr. Lesage's question of a moment ago when he was inquiring as to what was referred to by Mr. Aird as benefit to the producer, the distributor, and the consumer. Leaving

out the benefit to the consumer which has been explained, and confining ourselves to the benefit shared by the producer and the distributor, I take it that the benefit was in the form of an increase in price.

The WITNESS: The producer benefited by the higher price.

Mr. FLEMING: Are you going to comment on this Mr. Monet?

Mr. MONET: It is quite all right, go ahead.

Mr. FLEMING: I wonder if you could give the relative degrees of benefit to the producer and to the distributor from the rise in the price of butter?

The WITNESS: If you take the price in July of $55\frac{1}{2}$ cents—that is in the first half of July—and you go on to November the figure is $63\frac{1}{2}$ cents which is an 8 cent increase for a pound of butterfat.

By Mr. Monet:

Q. Where do you take that figure from?—A. That is the price I paid.

Q. For butterfat?—A. For butterfat. I am talking about my own company.

Q. What would be the price for butter? Exhibit No. 52 gives the price in August as $55\frac{1}{2}$ cents?—A. Yes, but I paid 64 cents in the last half of August for a pound of butterfat.

By Mr. Fleming:

Q. I think it would be better if we just let Mr. Aird explain in his own way the breakdown of benefit as between the producer and the distributor?—A. What I meant by the statement that the producer benefited—and I am not saying that he got more out of it—is that the distributor paid the producer a higher price for the butterfat. If the producer's cost went up more than he received then he did not benefit.

Q. Let us speak in terms of the increase as between the distributor and the consumer?—A. I have not got it worked out to the extent to which we participated except that we had storage butter. We had butter which we had purchased at the lower price and as the price went up we sold at the higher price and we benefited. The producer benefited to the extent that he sold the pound of butterfat to me at the higher price. That is what I meant by the statement that he benefited.

Mr. IRVINE: Well, can you say—

Mr. FLEMING: I have not quite finished yet, Mr. Irvine.

Mr. IRVINE: Oh, I am sorry.

By Mr. Fleming:

Q. We can measure the increase in price to the consumer, and we have had the figure on that increase?—A. Yes.

Q. Now can you tell us how much of that increase would go to the producer and how much would be the increase in your participation?—A. I have not got it worked out in that way.

Mr. MONET: Could you work that out and give us the answer this afternoon.

The WITNESS: I doubt it.

By Mr. Irvine:

Q. Could you answer this, Mr. Aird; are we to understand from the answer you gave a moment ago to Mr. Fleming's question that the producer received 8 cents a pound more for butterfat after the removal of the subsidy than he did before?—A. In my case, we bought butterfat and he received ten more.

By Mr. Fleming:

Q. Probably at that point you could tell us, when you resold that, at what advance in price did you resell?—A. Our selling price went up from 42·4 cents to 52·1.

Q. You advanced the price 9·7 cents and you were paying— —A. The producers 10 more for a pound of butterfat.

Q. We have to translate those figures?—A. We had a slight gain there.

Q. It looks to me as though you had practically no gain, that the producer was getting it all?—A. No, I have to be frank, because we had a slight gain. We went up 9·7 and the subsidy was 8·5.

Q. You went up 8½?

The ACTING CHAIRMAN: He was up 9·7.

The WITNESS: The 10 cents a pound butterfat we went up is equivalent to 8½.

The ACTING CHAIRMAN: The producer got the 8½?

By Mr. Fleming:

Q. You shared, then, to the extent of 1·2 cents a pound?—A. Right.

Q. The producer got 8·5 cents a pound on butter?—A. Yes.

Q. We are on a common basis, there. You get 1·2 cents per pound of butter and the producer gets 8·5 cents per pound of butter?—A. He got 8·5 cents before.

Q. He continued to get it?—A. He got it from us. That is why we went up 10 cents. We made a gain.

Q. But he got quite a bit of gain, compared with you?—A. He had no gain, Mr. Fleming.

Q. He carries forward into the price what was previously a subsidy?—A. He got it from the government and he got it from us afterwards; his position was the same.

By Mr. Irvine:

Q. That is what I was asking you before, but I did not understand you to say that. I understood you to say the producer got 10 cents more?—A. No, I was talking about the period subsequent to the removal of subsidies on butter, who benefited. We were talking about two different things. Mr. Fleming is questioning me concerning the period from the month of May on. There was a ceiling of 50 cents on butter, and with the removal of the subsidy, who gained? I did not make the statement that the consumer gained or the producer gained in that period. Mr. Monet was asking me concerning what happened between July and November.

Mr. MONET: I also asked you concerning the period from April to May; that is, the rise of 8½ cents was due to the removal of the subsidy?

The WITNESS: Right.

By Mr. Monet:

Q. And the producer did not get anything more at that period when the subsidy was removed?—A. He got the ten cents from us which he used to get from the government.

Q. He did not get anything more?—A. He did not get anything more.

Q. Instead of getting it as a subsidy from the government he got it from the creamery?—A. Yes.

By Mr. Fleming:

Q. We are talking about producers, to whom do you refer?—A. The actual man who milks the cows and sells me the goods, that is the producer.

Q. From an earlier remark about the degree of participation in the advance in price on the part of the producer on one hand and the distributor on the other, I thought your reply had some reference to the advance in the fall of the year as well. Did you make a remark about the degree of participation of the producer and distributor in that increase in the fall?—A. From the first half of July, when we were under no control, open market, no subsidy, we paid the farmer in Quebec 55½ cents.

Q. That is butterfat, now?—A. For a pound of butterfat, and about the first half of December we paid 72½ cents for the same thing.

Q. So that the price to the farmer went up 17½ cents per pound of butterfat that period?—A. Right—for our company.

Q. Then, could you tell us about your selling price?—A. Our average selling price in July, 1947, was 50·2 cents a pound—I am sorry, 52·6 cents a pound.

Q. For butter?—A. For butter; and our average selling price for butter in December was 68·4, an increase of 15·8 cents.

Q. 15·8 cents per pound of butter. How do you translate that into butterfat, now?—A. That is a lot of arithmetic.

By Mr. Monet:

Q. I understand you make 1·22 pounds of butter with a pound of butterfat?—A. Approximately, yes.

By Mr. Fleming:

Q. I want you to compare the advance to the farmer of 17½ cents per pound of butterfat with the advance to the consumer of 15·8 cents per pound of butter?—A. I evidently picked a bad one to give you as an example. I should have gone back a little farther and forward a little more, because it would be cents.

Q. Give us a fair picture.—A. I will get that and work out an answer for you this afternoon.

Mr. LESAGE: Mr. Fleming, you cannot forget that the distributors kept butter for which they had paid a much lower price and which gave them a supplementary profit that the producers did not get.

Mr. FLEMING: That is a different question entirely. Mr. Lesage is talking about inventory profit again and that is a different question.

The CHAIRMAN: We will get an answer to your question and then analyse it.

By Mr. Monet:

Q. You will work this out and answer Mr. Fleming's question this afternoon?—A. Yes, what the 22 cents the producer got meant to us. How much the 22 cent increase he got and how much we got.

By Mr. Fleming:

Q. In other words, thinking in terms of the advance in price that the consumer paid over this period, how was that advance distributed as between the producer and the distributor?—A. In relation to a pound of butter fat and pound of butter?

Q. I would rather have them on a common basis?—A. Yes.

By Mr. Lesage:

Q. In order to have a true picture, you will have to show the proportion kept in stock, the proportion of your profit on inventory stock?—A. I do keep a separate stock. I will explain that when we come to that point.

Q. We cannot have a true picture without that?—A. No.

Q. You admit that?—A. Yes, I am not inferring our picture by quoting the 54½ cents and 76½ cents; that is the straight purchase price.

Q. Because your average cost was lower?—A. It is a different thing entirely.

Mr. IRVINE: That really does not affect the question you were asking.

M. FLEMING: No, Mr. Lesage is talking about an entirely different thing.

By Mr. Monet:

Q. I understand there is a 1 cent margin in there owing to the fact you sold butter in cartons?—A. Yes.

Q. That was provided for by the orders of the Wartime Prices and Trade Board?—A. Yes, it was always the custom during the war and was continued afterwards and is still in effect.

Q. The price you stated this morning would include that 1 cent?—A. That is the average price.

The ACTING CHAIRMAN: It is one o'clock and the meeting is adjourned.

The meeting adjourned to meet again at 4.00 p.m.

AFTERNOON SESSION

The committee resumed at 4 p.m.

The CHAIRMAN: I am sure I express the feeling of every member of the committee when I say that we are very happy to see that Mr. Waling, who took sick in this room, is back. We are very glad to see he is here.

William Robert Aird, President, Dominion Dairies Limited, recalled

By Mr. Monet:

Q. Mr. Aird, at the adjournment you were asked a question by Mr. Fleming. I understand you are now in a position to answer that question?—A. Yes.

Q. Please do so.—A. For the month of June, 1947, our company's average selling price of butter was 51.5 cents a pound. For the month of December 1947, it was 68.4, or an increase in December over the June price of 16.9 cents a pound. The purchase price of butter fat f.o.b. plant in June, 1947, was 54.5 cents and December, 1947, 76.5 cents, or an increase in the purchase price of butter fat at the plant of 22 cents. Converting that 22 cents to a pound of butter on a basis of a 20 per cent over-run the producers got 18.3 cents more. The purchase price increased over the selling price by 1.4 cents pound of butter.

Q. A pound of butter?—A. Yes.

Q. That is the spread between June, 1947 and December 1947—A. Right.

Q. Now, Mr. Aird, coming back to exhibit 65 I understand that you did not give the information as requested from you by counsel. Would you give an explanation to the members of the committee why you could not do so as far as the way you did proceed?—A. We do not keep separate trading accounts for butter.

Q. I understand there is a note on page 2 of exhibit 66 which refers to the fluid milk distribution. Would that be right?—A. Right. Our butter operations are all intertwined with our fluid milk distribution, so therefore we are in a different position to a straight butter trader. It is handled by the same vehicles that handle our other products, and therefore we do not draw off a profit and loss account for butter as such. The operations of these plants at which butter is produced are diverse.

fied, as I explained this morning, and they are employed mainly in the manufacture of concentrated milk products. They are also sources of supply for milk and cream shipped to city plants for distribution from the vehicles of the company and for cream used in the manufacture of ice cream. The butter produced at these plants is sold mainly from the same vehicles. For this reason it is not practical from an accounting or operating standpoint to keep separate trading accounts for butter. When I say it is not practical from an accounting or operating standpoint that is from our point of view.

Q. You mean you do not account for it that way?—A. That is right.

Q. That is why you could not give the information as requested?—A. That is right.

Q. But you did supply counsel with all the information requested aside from that?—A. To the best of our ability, yes. Where you asked for the cost price and so on I have had to fill in the actual selling price of our butter, and the Montreal market price. I show the difference between the two. Then on the last page I show the profit or loss on a pound of butter on a yearly basis. I am unable to determine the actual cost on a pound of butter in any of our plants until the actual year has been completed, because I do not know what the costs are until the year has run its course. Receipts of milk and cream vary to a tremendous extent, as these figures show, and to arrive at the cost of a pound of butter I have got to get to the end of the year to find out what proportion of the expenses to charge against this or that or the other.

Q. For the moment, Mr. Aird, I will refer you to page 3 of Exhibit 65. The heading is "quantities and value of butter by months", for the years 1946 and 1947?—A. Yes.

Q. I see that the first column reads, "on hand at beginning of month"?—A. Right.

Q. And the second column is "purchases during month"?—A. Right.

Q. And the third column is "make". What do you mean by "make"?—A. That is the butter actually made by our organization in the plants that we operate.

Q. And the purchases during months?—A. Are the actual purchases from places other than our own plants.

Q. Then, the fourth column is the total of the first three, I presume?—A. The first two.

Q. And plus the butter on hand?—A. The first three, yes.

Q. Plus the butter on hand at the beginning of the month?—A. Right.

Q. Reading the heading of the fifth column we see that it is "sales during month and transfers"?—A. Yes.

Q. What do you mean by that?—A. That includes the actual sales, and we use butter in other products, so if you take the difference between the sales during the month and the sales and transfers you have the quantity of butter that is used in other products.

Q. You mean if you take the difference between column 5 with the heading "sales during month and transfers" and column 7, "sales during month only"?—A. That is right.

Q. How do you account for the difference?—A. Used in other products, not sold as butter.

Q. Would you describe to the members of the committee what it would be used for?—A. It might be used in ice cream. It might be used in cheese.

Q. That would be after it had already been made into butter?—A. Right.

By Mr. Irvine:

Q. After it is made into butter?—A. Yes, sir; it is common practice.

By Mr. Monet:

Q. Can you give some explanation to the committee why you would do that?—A. Why would we do that? Because fluid sweet cream was in short supply.

Q. That is the only reason?—A. That is the only reason.

Q. And that explains the difference for the month of January, 1946, for instance, between 389,814 and 396,544.—A. Roughly, 7,000,000 pounds, yes.

Q. Not 7,000,000, 7,000?—A. 7,000 pounds.

Q. Would be turned from butter to other products?—A. Right.

Q. While we are on this subject, Mr. Aird, I notice for the month of December, 1947, there is a very substantial amount between the sales during month and transfers, column 5, which are 576,833, and your sales during the month which amount to 452,548?—A. Right.

Q. Do you have some information to give to the committee as to that? There is over 124,000 pounds difference.—A. Right. During the year 1946 it was common practice to obtain permits from the Wartime Prices and Trade Board for the use of butter in other products. With the lifting of the rationing of butter we carried this butter as straight butter, and when we came to the month of December, a month of quite short supply, with a large increase in ice cream sales volume, there was a lot of this butter that was transferred over, used in the other departments. That butter has all been used. I verified that yesterday by telephone. None of that butter is on hand. It has not been sold as butter. It has been used in other products.

Q. In different products?—A. You must remember that transfer includes fairly large operations and in four places, four cities of operation.

Q. But the difference seems to be so large between those two figures in December, 1947, comparing it with the same figures for all of the rest of the months of those two years. I should like you to give a very specific explanation as to that.—A. I have tried to explain that in the way I have given it to you, and that is the only explanation that there is, that butter is in shorter supply, and cream is in shorter supply this year than it was last year, and therefore the extent to which we had to use butter this year in comparison with previous years is much greater.

Q. Was not the supply of butter shorter in December, 1947 than in November, 1947?—A. Yes, but we had more cream coming in. For instance, if you will look at the make we made 181,000 pounds of butter in November and only 107,000 in December, so our make dropped roughly about 50 per cent. Therefore we had to use more butter.

Q. If you had to use more butter why did you turn more butter into the other products for that month of December?—A. Because we have to sell the other products.

Q. That would be the reason?—A. That would be the reason. We have to sell the other products.

Q. You did not feel like keeping it in butter as it was.—A. That butter was not made or carried in inventory for supply to our regular butter customers. That was carried for the purpose for which it was used.

By Mr. Beaudry:

Q. The butter transfers for December, 1947, according to these figures, would amount to roughly 126,000 pounds?—A. 124,000 pounds.

Q. You say that has all been used from what date to what date?—A. From that date to the present time.

Q. In those three months?—A. In the other products. It was not all used in December.

Q. Would that be used more in ice cream than in cheese?—A. Yes.

Q. Would it be possible to tell us the ice cream sales figures for January, February and March of this year?—A. I can get that for you. I have not got them here.

Q. Will you get those figures?

Mr. MONET: Yes, we will. You want the January, February and March figures for ice cream.

The WITNESS: I cannot give you March yet.

Mr. MONET: January, February and March up to date.

Mr. BEAUDRY: Yes, up to date.

By Mr. Monet:

Q. Now Mr. Aird, I would refer you to column 2 on the same page which is headed "purchases during month." I notice in July, 1947, your purchases were 418,688 pounds?—A. Right.

Q. Which is a very much larger amount than any other month during the year 1947, and I would say during the year 1946?—A. That is right.

Q. Would you give an explanation to the members of the committee why there was a so much larger amount of purchase?—A. Yes. You will notice that our sales for the year are 1,300,000 pounds greater. I mean that sales rose from 5,161,000 to 6,224,000, or an increase of nearly 1,100,000 pounds. We operate in our company on the basis of a regular budget of butter control. We know, or we think we know, what our production is likely to be in the various places in which butter is made. We have a fairly good idea as to what our sales are going to be. And we try to keep a balance between the inventories plus our make plus our future make to see us through to about April 30, and at times we decide—you will notice here so far we bought butter in June, we bought 213,000 pounds in June and we bought 418,000 pounds in July this year. It may have been a week later. It may have been a month later. But they come within a month. Now, if you notice the sales side, we sold butter, and during the three months or four months possibly of June, July and August, we sold 12 carloads of butter from our subsidiaries in the west, which amounts roughly to 400,000 pounds of butter we sold in the west because the price that we could obtain for butter from the west was higher than the eastern price and we replaced that butter with 418,000 pounds of butter that we bought in the east. Now, I think the statement that I have made is verified by the chart that was supplied by Mr. Taylor, and is on file and it shows that the price of butter in western Canada was running higher than in eastern Canada. Therefore, I am in business to operate this business for the shareholders and try to make a dollar. If I can sell 400,000 pounds of butter and get some other butter to replace it at a lower price, naturally that is what I am going to do, I am going to sell in one place and purchase in the other. That is the explanation of that.

Q. The only explanation was, you say, that there was a larger profit to be made through that operation?—A. Right. I am frank in admitting it.

Q. Did the same thing apply to the month of June, 1946? You referred the members of the committee to the month of June, 1946, where there had been—
—A. No.

Q. —a substantial amount of butter purchased in the same way—A. No, it did not.

Q. It does not absorb it?—A. No, because last year, in 1946, if I remember rightly, we had a fixed price for butter and at that time we decided we needed to buy butter; but it was in short supply and it was rationed and we decided to take care of our customers and we needed to buy butter in the month of June, which we did.

By Mr. Lesage:

Q. The difference in the price between east and west was about 3 cents a pound, was it not?—A. I haven't got that figure here. I think on this chart—we bought in the month of July—between 2 cents and 3 cents I think, Mr. Lesage.

Q. About \$10,000 profit on that operation?—A. If we sold it then. We did not sell, we held it.

Q. You held it?—A. We sold in the west and bought in the east.

Q. And that operation itself would bring in about \$10,000?—A. I cannot answer that, because the company which sold is a separate taxpayer. They made a profit. We only realize the profit in the other company when the butter was sold.

By Mr. Monet:

Q. Then the result of what you did was, as you have just said, that you made a larger profit than you would have had you purchased that supply in the east?—A. It was a separate company. I have to make a profit on each company. I cannot take butter from another company with different shareholders and take their butter and store it at less than they could get for it and put it into another company with another group of shareholders. So we sold that there and bought it here. It is two separate companies.

Q. You sold it there and you made a larger profit than as though it had been bought here?—A. No. that butter may have gone to Montreal, but not to me. I do not know who they sold it to.

Q. I see, but you sold it there to make a larger profit?—A. We sold it there to make a profit.

Mr. LESAGE: It was a good operation.

By Mr. Monet:

Q. I would call your attention now to column 3, under the heading "make". I understand that that is the butter made by your company?—A. Right.

Q. There was no butter purchased under that heading?—A. No, not under that heading.

Q. Now, I refer you to the month of August, 1947, and want to compare it with 1946; in 1947, August, it reads 650,683 pounds?—A. Right.

Q. As against 544,318, for 1946?—A. Right.

Q. I now refer you to September of 1947, reading 626,948?—A. September, what year?

Q. September of 1947?—A. Right.

Q. As against 431,654 for 1946?—A. Right.

Q. Then in October of 1947, it was 539,801, as against 406,394. Would you explain to the members of the committee why the make was so much larger in 1947 than it was in 1946?—A. We were fortunate enough to get more cream to make into butter at the plants that we operate. We have a greater intake. Our shippers had more cream to sell to us and we made more butter.

Q. Was there not a shortage in sight at the time?—A. There was a shortage, not at that moment; there was a shortage in the offing to see us through to next April.

Q. It was only because you could get more cream at that time that the differences in your operations appear as they do?—A. That would appear to me to be, and it is a fact. In our operations we were able to make 700,000 pounds more butter in the year 1947 than we did in 1946 in the plants we operated.

Q. I know the figures show that, but I want to know why?—A. Because we were able to get more milk or cream in order to make butter with.

Mr. IRVINE: Then it would not be right to suggest that you made more butter because of your expectations of a shortage of butter in 1947, as compared

with 1946?—A. Well, Mr. Irvine, this company may have been more fortunate than our competitors in getting more goods into our plant. In considering the latter problem for our company I did not look at my make here. I had to look at the over-all picture. I have to see that I have enough on hand to satisfy our customers. I can show an increase such as that even when somebody else operating in competition with me in the same neighbourhood might go down. My producers might like my assistants looks better than our competitors and ship us their cream, I don't know. We got more, that is all. I think that the figures for stock in these months there were less than the year before in Canada, the actual over-all stock picture.

Mr. IRVINE: You are speaking of the whole industry?

The WITNESS: I think so. I am talking from memory. I think the over-all stocks were less, but we made more.

By Mr. Monet:

Q. Coming down the same column I see that for the month of December, 1947, you made 107,788 pounds of butter as against 181,371 in 1946?—A. Yes.

Q. Would you give an explanation as to that? There is quite a drop there between the other figures we have mentioned and these?—A. There was a tremendous falling off. If you take November of last year, 205, and November this year, 181; whereas in October we were 133,000 pounds high. There was a very steep drop in November and December in the places where we were operating, even though we were able to do more in the earlier months we were not able to get as much in the winter.

Q. I see there you have the same thing for January and February?—A. January and February are the same. We were down 87,000 pounds in January and only a matter of 19,000 pounds in February. Of course, there is one day more in February this year and that must be taken into consideration, 29 days this year and, of course, cows milk on the 29th of February as well as on the 28th.

The CHAIRMAN: They don't get a holiday on that day?

The WITNESS: No, sir.

By Mr. Monet:

Q. During those months probably your competitors were luckier than they have been in the previous months?—A. From the knowledge I have I would say they were not.

Q. They were not?—A. No.

Q. They were able to produce more cream than you did?—A. I do not think so.

Mr. LESAGE: Just a minute, would you refer to the over-all production in Canada each month in 1947, I see it was higher than in 1946, according to table of Exhibit 52.

Mr. MONET: I just wanted the witness to explain these figures because they are not before us.

Mr. LESAGE: That is all right.

Mr. BEAUDRY: I take it from the evidence that you are going to reach the ceiling price shortly. I will wait for you to reach that point.

Mr. MONET: I will come to that very shortly, Mr. Beaudry.

By Mr. Monet:

Q. Coming to the sales in December of 1947, column 7; you have already given us an explanation of the sales during that month as compared with the sales?—A. Yes, sir.

Q. Now I will refer you to column 6, under July of 1947, under the heading "on hand at the end of the month", and I see that you had 1,238,941 pounds is that correct?—A. Right.

Q. I understand that most of that butter was on hand at that time and had been purchased before the month of July; would that be correct?—A. No.

Q. When would it have been purchased?—A. At the end of July, during the month of July we made 736,000 pounds of that 1,238,000 pounds.

Q. Right. And this butter according to the price indicated under the column headed "market price" in column 8, for the month of July would cost the company 50·2 cents?—A. No, that is the market price.

Q. What would it have cost the company?—A. I haven't got the cost price on butter for that month. I haven't got any cost prices for any month on butter until we get to our year.

Mr. LESAGE: Would it be less, or more?

By Mr. Monet:

Q. Would the figure listed there as the market price, 50·2 cents, would that be a fair figure?—A. No, there is no comparison between that and our cost. That is the market price. We did make money in the nine months ending December 31, so I will say our cost was less.

Q. Surely you can give the committee a very fair idea of the cost price of the butter you had on hand at the end of July, 1947? I understand the market price was 50·2 cents?—A. Yes, sir.

Q. Could you give us at least a very close idea of what the cost price was to the company?

Mr. LESAGE: Could he tell us how much he paid for it, for the butter he bought? He could do that at least.

The WITNESS: For the 418,000 pounds that I bought in July I paid 49·5 cents.

Mr. LESAGE: 49·5 cents?

The WITNESS: For most of it.

By Mr. Monet:

Q. And that is for what you bought?—A. Yes.

Q. For the make, what would it be?—A. It would be close to the 50-cent figure.

Q. That is what I thought, so it would be a fair statement to say that the butter you had on hand at the end of July, 1947, had cost the company an average of 50·2 cents a pound?—A. Approximately.

Mr. LESAGE: It is not the butterfat you had on hand at that time, that you bought in July, because the butter that you had on hand surely would have cost you less.

Mr. MONET: I am taking the highest price for it, Mr. Lesage.

Mr. LESAGE: You said, the butter on hand at the end of July.

Mr. MONET: I am taking the highest price, 50·2 cents. The cost would be less than that.

Mr. LESAGE: Yes.

By Mr. Monet:

Q. The cost at the highest would have been 50·2 cents a pound?—A. If I may answer that in this way: If you take the 418,000 pounds that we bought and the 736,000 pounds that we made—that comes to 1,155,000 pounds of the 1,800,000 pounds we had on hand in July—so therefore there was only, roughly, 600,000 pounds of a difference that we made in June on hand.

Q. Yes, I would like you, Mr. Aird, to tell the members of the committee the average price of the butter you had on hand at the end of July?

Mr. LESAGE: The average cost.

By Mr. Monet:

Q. Yes, tell us what it cost the company?—A. I have not got that figure.

Q. Can you work it out and give it to the committee? It is very important in the light of the next questions I have to ask you. Please give it to us as closely as possible?—A. I would say about 50 cents.

Q. That is for all of the butter you had on hand at the end of July, 1947?—A. Right.

Q. That would be, at all events, the most it would cost the company?—

A. That is the cost in the form in which it was—in 56 pound boxes. There is no overhead there; that is the bare cost of the butter in the inventory.

Q. All right. Now when would that butter be sold, Mr. Aird?—A. Well, if you take the sales for the next three months, August, September, and October, they total 1·8 million. I had 1·8 million and by the end of October it was all sold.

Q. Well, then, if you want to refer to column 9 I take it that the selling price for the month of August was 56·9 cents, September 62·6 cents, and October 60·7 cents?—A. Right.

Q. Now would that make an average of 59 cents a pound?—A. Possibly, I have not figured it out.

(Mr. Winters took the chair.)

Q. It is about 59 cents?—A. About 58½.

Q. Yes, so it would be a fair statement to say that this butter that we have just referred to as being on hand at the end of July, sold during the months of August and September and part of October, was sold at an average price of 58½ cents?—A. Right.

Q. Giving a profit to your company on this butter of 8½ cents a pound?—A. Absolutely no.

Mr. LESAGE: A gross profit.

The WITNESS: A gross profit.

Mr. MONET: I did not use the word net profit, and I meant gross profit.

Mr. BEAUDRY: May I interject a question? I am fully satisfied that the margin shown here between the market price has been established. I am not thinking of the cost price for the moment but the selling price does not give us a truly accurate picture. I am just thinking of the four months of 1947 as the basis. I am using those four months because there is no change in so far as the market price is concerned and practically no change in so far as the selling price is concerned. In January, apparently, there is a margin of 1·6, in February 2·9, in March 1·9, and in April 1·9. However, it turns out that you bought more butter at an average of 40·5 than you sold at the average of 42·17. There was still a difference from those figures of 118,000 pounds on the 1st of May, and that amount is shown as having cost 40·5 cents which was presumably sold at 52·1 cents. Throughout the period we are only establishing a difference in margin of 1·6, 2·2, 1·9, and 1·9. Would we not get a clearer picture if we had a multiplication of the make and purchases per month by the cost price, and if we want to use the market price as a standard the same multiplication would apply?

Mr. LESAGE: I do not think we have had that.

The WITNESS: I do not follow.

By Mr. Beaudry:

Q. If, taking your figures for January, we multiplied by 40.5 cents your purchases of 108,000 pounds and your make of 194,000 pounds, plus what you had on hand at the beginning of the month, and the cost then for the last six months of 1946 was at a market price of 40.5 cents—A. No, the market price was 40.5 cents but we may not have made it at that.

Q. Well what are we going to use as a standard?—A. You cannot use the fixed ceiling price as the cost to me for making a pound of butter.

Q. You have not supplied the cost?—A. I cannot give you the cost for any month of this year until I get to the end of this month.

Q. I am referring to the last months of 1946?

Mr. PINARD: Why can you not give that?

The WITNESS: If you look at these figures you will find we purchased 820,000 pounds in June and 107,000 pounds in December. Now I do not know how to apportion the expenses in the pounds of butter made in any of those plants until I get through the year and know what the actual cost of operating the plant is.

By Mr. Beaudry:

Q. Well there again I am referring to 1946 and on that basis you must have a definite cost price per pound for butter?—A. I have the cost for the year 1946.

Q. What is the cost?—A. I have not got it with me here.

Q. It would be extremely important to find out the cost of that 1,000,000 pounds which you had on hand in January 1947?—A. I may say, sir, our company does not compile statements on an annual basis from January to December. Our fiscal year starts on the 1st of April and ends on the 31st of March and therefore I am at a loss to give you figures for the 12 months of the calendar year as we do not follow it.

Q. You would have the figures from the 1st of April 1946 to the 31st of March 1947?—A. Right.

Q. Could we have the cost per pound for that period?—A. I would be glad to get the figure and submit it but I have not got it here.

By Mr. Lesage:

Q. Would it be possible, Mr. Chairman, to have him add, starting from April 1947, the number of pounds purchased during each month plus the number of pounds made, and have those figures multiplied by the average cost? I understand that you do not have the exact cost but for instance you said that for July the figure would be 50 cents?—A. Approximately, yes.

Q. Yes, and then have for each month in the same way the number of pounds sold and the price at which they were sold calculated so we could see for sure how much the butter cost and how much you sold it for?—A. Yes.

Q. Because it looks to me that on the 1st of August you had in stock 538,600 pounds more than you had on the 1st of July?—A. When?

Q. On the 1st of August 1947 you had on hand 538,600 pounds more than you had on the 1st of July?—A. That is right.

Q. And you kept on hand from the 1st of August to the end of December, or at least to the 1st of December, approximately the same surplus over the 1st of July? Is that correct?—A. That is right.

Q. Which means that there is one profit we are sure of—one gross profit that we are sure of—and it is the difference between 50 cents and your price for December. Your selling price in December was 68 cents and since then it has not gone below that figure.—A. That is not correct. You cannot say I held in

storage that 1,238,000 pounds of butter that I had on hand on the 1st of August—that I still had it on hand on December 1st—because I might point out to you that since August 1st we have made nearly 2,400,000 pounds.

Q. I do not say that it is the same butter, Mr. Aird?—A. I had a 1,000,000 pounds, yes.

Q. You had 1,278,000 pounds in December?—A. Yes.

Q. Which means you had the same difference in poundage in stock?—A. Yes, there is only a difference of 40,000 pounds between what we had in August and what we had in December.

Q. It was about the same?—A. Yes.

Q. Working on an average and looking at column 9 we see there is a regular upward trend in prices?—A. Yes.

Q. And we see on an average you made, on 538,000 pounds, a gross margin of 18 cents?—A. No, you cannot say—

Q. Well in the first three months you admitted to counsel that you made 9 cents?—A. I beg your pardon, I did not. I did not admit I made 9 cents.

Q. Yes, 9 cents?

Mr. MONET: $8\frac{3}{4}$ cents.

The WITNESS: Approximately $8\frac{3}{4}$ cents, gross.

Mr. LESAGE: I am continually speaking of gross.

The WITNESS: I want to be clear that it is gross.

Mr. HOMUTH: Well, Mr. Chairman—

The ACTING CHAIRMAN: Just a moment Mr. Homuth.

Mr. HOMUTH: We are talking about gross margin and unless it is clear, the result is that the papers get the idea, or are liable to get the idea or impression spread across the country that this firm made 8 or 9 or 18 cents a pound on butter and I think we should be very careful.

Mr. LESAGE: I have been very careful and I have been referring to gross margin all the time.

The ACTING CHAIRMAN: We all understand that it is gross margin, now let us go on.

By Mr. Lesage:

Q. You made $8\frac{3}{4}$ cents gross margin on a certain quantity that you had on hand on the 1st of July or at the end of July, which quantity you sold during August, September, and October?—A. It would appear that way, yes.

Q. If we take what you had on hand on the 1st of August, 530,000 pounds more than you had on the 1st of July, you surely made at least 7 cents on that amount?—A. Will you say that again and give me those dates? What was the month?

Q. July and August?—A. At the end of July I had 1,238,000 pounds on hand.

Q. Yes.—A. And at the end of August—

The ACTING CHAIRMAN: There is the division bell gentlemen. We will reconvene after the vote.

. . . On resuming

Hon. Mr. Martin resumes the chair.

The CHAIRMAN: It is important that we have an executive session of the committee at five-thirty, so we will adjourn the taking of formal evidence at five-thirty. The committee at an executive session held yesterday reviewed its work and reviewed the plans for the future operation of the committee's hearings. There was some consideration given to the continuing of sessions during the Easter recess, but when counsel and others, through the chairman,

explained some of their plans, it was thought it would be more convenient and more efficient from the point of view of the committee's operations if counsel and the secretariat were given an opportunity of doing certain work during the Easter recess. Accordingly, the committee decided that, in the interest of efficiency, more would be gained by not sitting during the Easter recess and giving counsel and the secretariat an opportunity of attending to certain preliminaries prior to the full committee's sessions. Therefore, after it adjourns today the committee will resume its operations on the afternoon of April 5th, I believe I have correctly stated the decision of the full executive session yesterday.

Mr. MONET: Mr. Lesage, do you wish to follow up your question?

Mr. LESAGE: If the calculation has been made.

The WITNESS: I have two calculations. The first one deals with the butter we had on hand on July 31st, 1,238,941. You may recall that we had on December 1st, 1,279,589 pounds, that was approximately the same quantity. What I should like to point out is this, that of the 1,238,941 we had on hand in August and September, we sold and transferred 1,139,817 pounds. So that on the basis of first in, first out, we only had 99,000 pounds of the July butter on hand at the end of September.

Then, following that through, for the end of October, we only had 259,000 of August butter on hand at the end of October. Following it through to the end of November, we had only 442,000 of September butter on hand. Now, that is on the basis of straight trading, in and out.

By Mr. Winters:

Q. What did you say your total for August and September was for sales during the month?—A. Sales and transfers, 1,139,817. I may have made a mistake.

By Mr. Monet:

Q. That would be the addition of August and September?—A. That is the addition of August and September, and the next addition I gave was the addition of September and October. In other words, at no time did we have during that period three months' supply of butter.

By Mr. Lesage:

Q. What I meant, Mr. Aird, was the fact that there was a continuous upward trend in your selling price and also in your cost price?—A. I have the other answer, I think.

Q. You have it?—A. Yes.

Q. All right.—A. Sticking to these prices I have here—that is all I can take at the moment—the market price was 50·2 cents. Now then, the August market price was 55·5. Taking July 31st market price as 50·2, which I take it is correct, and the market price in August as 55·5; the market price in September was 59·6; the market price in October was 57·5—that may be fractionally wrong with the figures as given by the Dominion Bureau of Statistics. Then, the average selling price of butter in August, September and October was 57·5 cents. The butter we sold in August and September was sold on that price basis at 57½ or 7·3 cents, roughly, gross profit.

Mr. LESAGE: Mr. Monet has told me his intention so far as questioning the witness is concerned and, under the circumstances, since he has shown me his line of questioning, I think I had better leave it to him.

By Mr. Monet:

Q. My line of questioning is very simple, based on the information we have here. I believe the witness has said that the average gross price at which the company sold the butter they had on hand at the end of July was 58 $\frac{1}{4}$ cents and that the average cost price was 50 cents. Now, proceeding in the same manner with the following months, I see, Mr. Aird, that at the end of November, 1947, your company had on hand 1,279,589 pounds?—A. Right.

Q. Would it be a fair statement to say that the market price of this butter as established by page 3, would be 59 cents a pound? Would you figure it out and see if my calculation is correct?—A. Well, that is the average of 57 and 60, is it?

Q. Yes.—A. It would be approximately.

Q. It would be approximately 59 cents?—A. Approximately.

Q. When you say "approximately" how close would it be to 59, 59 and $\frac{1}{8}$ th or $\frac{2}{8}$ ths?

Mr. LESAGE: It would be less than that because a lot more butter was made in October than in November.

Mr. MONET: It was 57·5 for October.

The WITNESS: It would be 59 exactly.

Mr. LESAGE: I think the amount of butter made in October was much higher.

The WITNESS: I agree with Mr. Lesage. If you are going to get this information correctly, you have to take the pounds made in each month. It would be less than 59.

By Mr. Monet:

Q. Putting it at the highest figure, it would be 59?—A. I would say so.

Q. This butter you had on hand at the end of November, 1947, would have been sold, for the most part, during the months of December, January and February, 1948; would that be correct?—A. Yes, at the end of February we had 829,000 pounds. We had 1,279,000 for the month you are talking about. We had sold and transferred 576,000 and 419,000 in January. Therefore, in the months of December and January we had used roughly 1,000,000 pounds of that and, in February, it was all gone.

Q. It was all gone?—A. Yes.

Q. So, taking the prices as listed here, the selling prices, I would take it that the December selling price was 68·4?—A. Yes.

Q. That is column 9?—A. Yes.

Q. In January, 1948, the selling price would be 69 cents?—A. 69·9.

Q. In February, 1948, 69·6?—A. Right.

Q. Now, would this make an average of 69 cents a pound; that is, an average price for those three months?—A. Yes, it would, because it is 68·4 and 69·9.

Q. Would it be a fair statement to make, then, that on that amount of butter the company made a gross average profit of 10 cents a pound?—A. No.

Q. Why?—A. Because in the months of January, February and December our cost of making butter would be considerably higher.

Q. I am talking of gross profit?—A. Yes, the gross profit—the market price was 67 and the other was 69. The butter we had on hand, according to these figures here, was on that basis.

Mr. LESAGE: Mr. Monet is not speaking of the butter you made in the months of December, January and February, he is speaking of the butter you had on hand.

By Mr. Monet:

Q. I am speaking only of the butter you had on hand at the end of November, 1,279,589 pounds?—A. Yes, at 60 cents, the market price was 60 cents.

Q. You agreed on 59?—A. Well, the average was 59—I think that is reasonably clear.

Q. To make this very clear, this butter was sold in December, January and the balance in February?—A. Right.

Q. At an average gross price of 69 cents?—A. Yes.

Q. So, on the amount of butter sold during that period the company would have made a gross profit of 10 cents a pound; is that correct?—A. Approximately.

Mr. LESAGE: How much per pound is that?

By Mr. Monet:

Q. I am coming to that. If you refer, then, to the butter sold during August, September and October, December, January and February, would it be fair to state that the company realized a very abnormal profit of about 8 cents a pound on $2\frac{1}{2}$ million pounds?—A. No, it would not.

Q. Gross profit?—A. No, it would not be fair to say that. It would be fair to say there was an approximate gross profit of that, yes.

Q. That is what I am asking you.—A. Between 8 and 10 cents.

Mr. LESAGE: Between 8 and 10 cents.

Mr. MONET: On $2\frac{1}{2}$ million pounds sold during that period?

The WITNESS: Yes.

By Mr. Monet:

Q. That would make close to \$200,000 if any calculation is correct?—A. I would have to verify that.

Mr. LESAGE: If we had all the calculations for which Mr. Beaudry and I have asked, you would see it is correct.

The WITNESS: I suppose so, but I cannot make these calculations as quickly as you refer to them.

By Mr. Beaudry:

Q. Referring to the selling price in February, may I ask whether your sale price is standard?—A. No, we sell in various ways. Somewhere, I have our actual selling prices. We have various prices. In order to arrive at that average selling price, you must take into account that for the nine months we sold approximately 33.8 per cent to the retail trade. When I speak of the retail trade. I mean direct to the homes. We sold wholesale, and by that I mean to stores, hotels, restaurants, hospitals and institutions, 58.2 per cent. In carload lots, we sold 7.67 per cent.

Q. Would those car lots be sales to other wholesalers or transfers?—A. They were sales to jobbers for somebody else. I do not know who bought them. I explained before, that is butter that was sold in the west.

By Mr. MacInnis:

Q. What is the sale price in each case?—A. Pardon?

Q. What is the sale price in each case?—A. Well, it varied all through the year. Our average selling price is listed right there.

By Mr. Beaudry:

Q. Have you got it for any given month? Have you the average selling price for any given month?—A. It is right on there, our average selling price.

Q. Have you got a breakdown of that or the component factors to show how you arrive at that average?—A. No, because the price changed so often. We were following the market up and down. I can give you the present price of butter in each respective place.

Q. Please do that.—A. At the present time in the city of Montreal we are selling butter to stores at $69\frac{1}{4}$ cents.

By Mr. Pinard:

Q. You are not selling it today?—A We are selling some. We are selling to our own customers. We are selling to homes at 73 cents.

By Mr. MacInnis:

Q. Is that the ceiling in Montreal?—A. That is our ceiling. In Ottawa we are selling to homes at 71, and to stores at 69. This was on March 19. We are selling to chain stores in Ottawa at $68\frac{3}{4}$. In Toronto we are selling to homes at 72 and 73 in a carton, and at 69 to stores. In Winnipeg we are selling to homes at 70, 71 in a carton, and to stores at 67. We also sell some sweet butter. That is very small. I can give you that if you want it. That is saltless butter.

By Mr. Beaudry:

Q. You are doing almost 60 per cent of your business not with the consumer but acting more or less as a wholesaler, a manufacturer and a wholesaler?—A. No. We consider that in these wholesale accounts we sell to consumers in a great many cases.

Q. You gave a figure of 58.52 for sales to stores and hotels?—A. Yes.

Q. Would that not place you more in the position of being a wholesaler and manufacturer than in the position of selling directly to the consumer?—A. We wholesale more butter than we sell retail.

The CHAIRMAN: We will now have an executive session.

The committee adjourned, to resume Monday, April 5, 1948.

SESSION 1947-48
HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 31

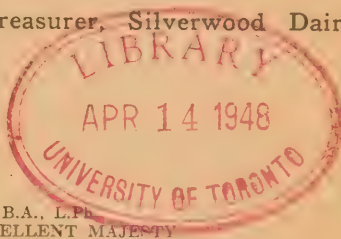
TUESDAY, APRIL 6, 1948

WITNESSES:

- Mr. W. R. Aird, President, Dominion Dairies Limited, Montreal, Que.
Mr. E. G. Silverwood, President, Silverwood Dairies Limited, London, Ont.
Mr. J. H. Duplan, Executive Vice-President, Silverwood Dairies Limited,
London, Ont.
Mr. J. H. Gillies, Vice-President and Treasurer, Silverwood Dairies
Limited, London, Ont.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.P.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY

1948



MINUTES OF PROCEEDINGS

TUESDAY, April 6, 1948.

The Special Committee on Prices met at 4.00 p.m., the Chairman, Hon. Mr. Martin, presiding.

Members Present: Messrs. Beaudry, Cleaver, Homuth, Irvine, Lesage, MacInnis, Martin, Mayhew, Merritt, Pinard, Winters.

Mr. Fabio Monet, K.C., Counsel to the Committee, in attendance.

On motion of Mr. Beaudry,

Resolved,—That all participants in a butter transaction whereby Pelchat & Gauthier, of Montreal, were able to offer butter as a premium for purchases of jewelry, be subpoenaed, and that this Committee be given all details in connection with this transaction;

That all commodity brokers in Montreal area, and, if later necessary, all large retail butter outlets in Montreal be subpoenaed to testify on sales or offers of sales of butter conditionally upon purchase of other goods.

Counsel filed,

Exhibit No. 67—Statement showing comparison monthly average butterfat and creamery butter prices special grade butterfat f.o.b. shipping point, supplementary to evidence of Mr. J. F. Singleton on March 16, 1948. (*Printed in this day's evidence*).

Exhibit No. 68—Statement on high scoring cheese eligible for Dominion Government premium during 1947, supplementary to evidence of Mr. J. F. Singleton on March 16, 1948. (*Printed in this day's evidence*).

Exhibit No. 69—Statement of butter shipments to Montreal dealers by Saskatchewan Co-operative Creamery Association Limited, supplementary to evidence of Mr. J. S. Turnbull on March 16, 1948. (*Printed in this day's evidence*).

Exhibit No. 70—Comparative statement of butter operations for 1946 and 1947, January to December inclusive, by Co-opérative Fédérée de Québec, supplementary to evidence of Mr. H. C. Bois, on March 18, 1948. (*Printed in this day's evidence*).

At the request of Counsel, corrections were ordered made in the printed evidence, as recorded in the Minutes of Evidence.

Mr. W. R. Aird, President, Dominion Dairies Limited, Montreal, was recalled and further examined.

Witness discharged.

Mr. E. G. Silverwood, President, Mr. J. H. Duplan, Executive Vice-President, and Mr. J. H. Gillies, Vice-President and Treasurer, Silverwood Dairies Limited, London, Ont., were called together, sworn and examined.

Mr. Silverwood filed,

Exhibit No. 71—Series of six statements on butter operations by Silverwood Dairies Limited. (*Printed in this day's evidence*).

Exhibit No. 72—Consolidated Balance Sheet of Silverwood Dairies Limited and its subsidiary companies as at 31st March, 1947.

At 6 p.m. witnesses retired and the Committee adjourned until Wednesday, April 7, at 4 p.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
APRIL 6, 1948

The Special Committee on Prices met this day at 4.00 p.m. The Chairman, Hon. Paul Martin, presided.

The CHAIRMAN: Mr. Monet, you have your witness here.

Mr. BEAUDRY: During the past ten days, while the committee has been in recess, some events have occurred in Montreal, and more particularly in my constituency, which I believe it is my duty to bring before the committee. For almost two weeks Montreal and its vicinity have been practically butterless. During that time in many instances butter has become a premium for the sale of other merchandise. It has even happened in some cases mentioned in the press, instances of which I will give to you, that butter has become a premium for the promotion of sales in the case of a drug store, a jeweler and a hairdressing parlour.

I am not bringing this matter before the committee with a view to discussing the legal aspect. I understand the Wartime Prices and Trade Board has already launched quite a lengthy investigation. However, since scarcity is definitely a factor in price generally speaking I would suggest the committee temporarily alter the present trend of our investigation into butter, and go immediately into this question of scarcity.

It seems a great anomaly that at a time when over a million people in Montreal find it extremely difficult, if not impossible, to secure butter by the quarter pound, that a jeweler, for instance, has found it possible to secure what has been described as a very substantial quantity of butter. I for one should like to know how that butter was acquired, how it was possible to acquire it.

Therefore I would ask the committee, Mr. Chairman, to inquire immediately into the source of purchase of this butter, its price, and its eventual disposal. I believe that counsel should receive instructions from this committee to subpoena all participants in that particular deal. I am temporarily leaving aside the matter of the drug store and the hairdressing parlour because I believe the amounts involved there are relatively negligible. However, if the committee chooses, we can go into that.

There is a further question and one that is far more important. I am informed that the transformation of butter into a premium, a premium which is obtainable on the purchase of other merchandise, and of which we see evidence in Montreal retail business on a small scale, has occurred on a very large scale in the wholesale handling of butter, and that commodity brokers, either with or without the knowledge or consent of their principals, have relatively recently offered western butter in quantities up to carload lots, conditional upon the purchase of other commodities, more particularly poultry. If that is true we shall be forced as a committee to come to the conclusion, at least in part, that the scarcity of butter is due to manipulation of stocks. The public is entitled to know if that has been done, and if so, by whom, and what measure of profit was involved.

To that end I would suggest that the committee instruct our counsel to subpoena as many commodity brokers in Montreal and area as may be necessary, and perhaps as many large retail outlets as may have been affected, and as may be necessary in order that we may get all the evidence pertaining to this matter. I would further suggest that perhaps this should become a matter for an interim report to the House.

With your leave I should like to move, seconded by Mr. Pinard, that all participants in a butter transaction whereby Pelchat and Gauthier, Montreal jewelers, were able to offer butter as a premium for purchases of jewelry, be subpoenaed, and that this committee be given all details in connection with this transaction; that all commodity brokers in Montreal area, or as many as necessary and if later necessary all large retail butter outlets in Montreal be subpoenaed to testify on sales or offers of sales of butter conditionally upon purchases of other goods; and that this evidence be the subject of an interim report of this committee to the House of Commons.

The CHAIRMAN: The motion is before us. What I have said to other members about the work of the committee I think I should, in all fairness, suggest to Mr. Beaudry, that I think matters of this sort are procedural, apart altogether from their merits, and should first be brought up in the steering committee. However, the matter is before the whole committee now, and I think we should deal with it.

Mr. BEAUDRY: May I submit that precisely because we were in recess it was impossible to convene the steering committee, and that furthermore there is a great question of urgency in this particular matter.

The CHAIRMAN: I think you will remember on two former occasions I did suggest to members of this committee who brought up various matters—I think Mr. Irvine was one, and I think Mr. Fleming was another—that we agreed that matters of this sort would first of all be brought up in the steering committee. It is not a matter of great difficulty to call the steering committee. However, this practice has been followed, and likely you have been persuaded by the urgency of the matter.

Mr. BEAUDRY: The situation is extremely serious in Montreal. I realize everybody appreciates that.

The CHAIRMAN: I am not commenting on the merits or seriousness. I am simply suggesting for the guidance of the committee that we have to stick to the rules.

Mr. IRVINE: I think there is a mitigating circumstance here that did not appear in my own case. I could have gone to the steering committee, but it was not possible to do that when there was no steering committee here.

The CHAIRMAN: Gentlemen, you have before you a motion moved by Mr. Beaudry and seconded by Mr. Pinard, that all participants in a butter transaction whereby Pelchat and Gauthier, Montreal jewelers, were able to offer butter as a premium for purchases of jewelry, be subpoenaed and that this committee be given all details in connection with this transaction; that all commodity brokers in Montreal area, or as many as necessary, and if later necessary all large retail butter outlets in Montreal be subpoenaed to testify on sales or offers of sales of butter conditionally upon purchases of other goods, and that this evidence be the subject of an interim report of this committee to the House of Commons.

The question is in the hands of the committee.

Mr. WINTERS: This localizes the problem to Montreal. It is serious in Montreal, but there are certain aspects of the butter problem which are not peculiar to Montreal alone. There is a problem reported in the Halifax press last week which caused a great deal of consternation there. It is tied up with the shortage of butter. It seemed to resolve itself around the point that what butter was coming on the market was classified, as far as I can tell, as third grade, but was being sold as first grade for the same price as first grade butter. That is a situation that gave everybody a great deal of concern because they felt they were not only getting a poor quality of butter by they were paying a high price for it. I think that is a matter that should be investigated, too. It is a question of how to approach it. I am sure there are problems in other parts of the country.

My own thinking at the present time is that these problems, the one in Halifax and the one in Montreal and others elsewhere, should be referred to counsel, and let counsel make a recommendation as to how we should proceed because I think the public wants to know the stories behind these situations.

Mr. BEAUDRY: I am in sympathy with Mr. Winters on the score of the quality of the butter, but in the case of Montreal, which is probably one-tenth of the consuming population of Canada, I do not think we have been concerned so much about quality because we have not seen very much butter, and we have not been disturbed as to whether it was first, second or third grade. We have had no butter. I would suggest it is extremely important for over one-tenth of the population of Canada that we ascertain at once why some people can secure butter and why the majority of the population cannot, how it is achieved. If we are only able to find out we would at least be teaching everybody how to go about it.

Mr. PINARD: Not only can they not buy butter but some people are hoarding it. It seems to me it is a case of hoarding butter. If you are offering it for sale as a premium you are hoarding it.

The CHAIRMAN: May I suggest that I think the committee would all be agreed that this matter is one that bears looking into. The immediate question is priority in our order of procedure. Counsel has a definite line of witnesses to follow in connection with this very matter of butter. Are we going to ask counsel to interrupt his present plan and to call these witnesses? I have had a chance of discussing the matter with him. He says, of course, that the matter is in the hands of the committee, and that if we decide that he has no objection, but it should be clearly understood that what we will be doing is interrupting one phase of the work to go into an aspect that certainly at some time or other requires investigation. Perhaps now is the time.

Mr. BEAUDRY: I would submit to the committee that this is a matter of great urgency. I would suggest that as to one part of my motion the examination of witnesses should require a very very short time. We are going into one particular deal, one particular transaction. Probably all aspects of that transaction could be explored in fifteen minutes.

Mr. LESAGE: Why not say half an hour?

Mr. BEAUDRY: I will give you half an hour. The second part of my motion I think could stand as is, and perhaps counsel might find it possible to restrict the number of people we should have to interrogate before this committee to such a small number that perhaps there also our investigation could be conducted in a very brief period of time. After all we would have a very limited number of questions to ask. We are looking for one or two answers from any of the witnesses. I do not imagine that it would interrupt our proceedings for more than one day.

Mr. IRVINE: I would say if we are going to do it at all we should do it immediately.

Mr. MERRITT: I have no objection whatever to interrupting the ordinary course of the evidence because of this shortage. To my mind it would be a solemn farce if we go on investigating the high price of non-existent butter. I want to go further than Mr. Beaudry has gone. I want to suggest that we recall before the committee Mr. Taylor and perhaps Mr. Singleton because I want to point out to you that what we are faced with now is not the question of the high price of butter, but no butter at all. I think we have had from Mr. Taylor some pretty significant evidence. The government has imposed a price ceiling but the government has not taken the more distasteful step of rationing. When you remove price as a rationing agency and do not substitute some other rationing agency is the place of price I think you will find shortages like this automatically develop.

I should like to find out much more than why people are hoarding butter or selling butter with jewelry. I should like to know why we have an over-all shortage. I do not want to prejudge the issue, but I fear we may find it was the failure to ration at the same time as you imposed price control that brought about the over-all shortage.

The CHAIRMAN: I think you will be told that if you had put on controls and had rationing the situation would have taken care of itself, but perhaps that would not be a satisfactory answer to you, Mr. Merritt.

Mr. MERRITT: Well, I think the committee should have that evidence.

The CHAIRMAN: Mr. MacInnis, did you want to say something?

Mr. MACINNIS: Yes, Mr. Chairman. I support the motion with the possible exception of the last part of it which asks that an interim report should be made to the House. That would depend on what we find and I submit it should not appear in the motion at the present time.

The CHAIRMAN: Yes.

Mr. MACINNIS: We might be committed to make a report when we did not have anything to report. I think, with Mr. Irvine, that we will have to deal with this now if we are going to deal with it at all; and I think, Mr. Chairman—I am not criticizing you—I think you would have been justified in having asked counsel (Mr. Monet) to look into this situation before the committee resumed.

The CHAIRMAN: Yes. I might say, Mr. MacInnis, that counsel did call me on the phone yesterday and we did discuss this very matter and I gave him, I will not say that I gave him authority, but I did tell him that I thought he ought to make some preliminary investigation, which he has done; and he is prepared now to call witnesses in connection with this Pelchat and Gauthier matter. We are ready to do that very thing. So that I did take on myself to do what you say I had the authority to do.

Mr. MACINNIS: I am not criticizing, but there is another point to which I would like to refer.

The CHAIRMAN: But I did not feel that I should pursue this thing until I had the chance—we had hoped to have received a telephone call back here by 5 o'clock from one of the parties with whom counsel has been in touch, and it was only after we had heard from that telephone call that I proposed to call a meeting of the steering committee, but not on this particular matter.

Mr. MACINNIS: Yes. There were some of the butter dealers whom we had before us just before the recess who took the position that they would not sell butter even to ordinary retail outlets. They said they were saving it for their customers. Now we find that butter is going to jewelry stores, to hairdressing concerns and all that sort of thing.

The CHAIRMAN: Yes.

Mr. MACINNIS: I think the motion is timely and we should deal with it now.

The CHAIRMAN: Mr. MacInnis suggests, Mr. Beaudry, that you should leave out the reference to an interim report by this committee.

Mr. BEAUDRY: That is agreeable to me if it is agreeable to the chair.

The CHAIRMAN: Perhaps you would make an amendment, Mr. MacInnis.

Mr. MACINNIS: And if he is agreeable, I do not think an amendment is needed.

Mr. LESAGE: On the second part of the motion, that which relates to the calling of witnesses, I presume no doubt that Mr. Beaudry who has brought this matter forward will give the names of the persons he has in mind to counsel for the committee.

The CHAIRMAN: May I ask what the pleasure of the committee is with regard to the motion?

Some Hon. MEMBERS: Agreed.

The CHAIRMAN: I had a discussion with counsel of the committee on this matter this morning and we agreed upon a plan for calling certain witnesses. May that plan be followed in connection with this matter? Normally this would be discussed with the steering committee and they would be told actually who the witnesses were. Counsel is ready now to proceed and call witnesses on this matter.

Mr. LESAGE: Can we have them tomorrow?

The CHAIRMAN: I think the witnesses will be here on Thursday.

Mr. MONET: Yes, on Thursday. I will give you the names tomorrow, Wednesday.

Mr. LESAGE: That is my suggestion.

The CHAIRMAN: We will have these witnesses at the earliest moment.

Mr. MAYHEW: Are we conflicting with the Wartime Prices and Trade Board? Do you know how far they have gone?

The CHAIRMAN: There is no objection in the matter so far as the board is concerned.

Mr. WINTERS: In connection with this I would ask that counsel give some consideration to the Halifax situation and bring in a recommendation as to what should be done and how we should proceed to investigate that problem.

Mr. MERRITT: Mr. Chairman, I do not know if a motion is in order, but I did not mix up my question with that raised by Mr. Beaudry. I would like to see Mr. Taylor recalled. I feel that it was this acute shortage which made possible the situation which he described, and I think the committee ought to understand clearly what caused butter to run out; and I would myself think it would be more in order that we hear Mr. Taylor before we hear the other witnesses for Thursday—that we hear him tomorrow.

The CHAIRMAN: Don't you think Mr. Taylor has already told us? He has explained this thing I think pretty well the last time he was before the committee.

Mr. BEAUDRY: With due deference to Mr. Merritt, I am thinking of the Montreal public who certainly are entitled to consideration and protection.

The CHAIRMAN: Not only Montreal, everyone.

Mr. MERRITT: I was suggesting we do that tomorrow.

Mr. BEAUDRY: We have very definite evidence of this practice, and I think the situation is one which we should explore as quickly as we can. I have no objection to Mr. Taylor being called at a later date. I cannot agree with Mr. Merritt's contention that Mr. Taylor should come in before. I do not see what more, or anything he could add to this particular case.

Mr. MERRITT: I would not hold up Mr. Beaudry's motion for anything. I thoroughly approved of it and said so. But it was when you said that we could not have these witnesses until Thursday that I suggested we could hear from Mr. Taylor tomorrow and get the over-all reason for the shortage outlined before we proceed with this particular investigation.

The CHAIRMAN: My suggestion is that if you will read Mr. Taylor's evidence you will find that he has given the reasons. But there would be no objection if, after we have heard these witnesses, we recall him, if the committee thought it desirable.

Mr. MERRITT: Do you not think it was the action of the government which precipitated this situation? Is that what you mean?

The CHAIRMAN: No, no; I did not say that at all. I said, if you will read Mr. Taylor's evidence—

Mr. MERRITT: I think it is apparent.

The CHAIRMAN: No, I said that Mr. Taylor's evidence speaks for itself. And if I may respectfully suggest to you, Mr. Merritt, Mr. MacInnis and Mr. Irvine have an equal right to their view, that had controlled rationing been retained this would not have happened. It would be the same kind of valueless assertion.

Mr. IRVINE: Don't say that is valueless.

Mr. MACINNIS: It is an excellent argument, and we can use it for a variety of reasons.

Mr. MERRITT: My suggestion is in no way valueless. My suggestion is this, that a price control measure unaccompanied by rationing is going to produce a shortage.

The CHAIRMAN: Yes.

Mr. MERRITT: And that the reason these things that Mr. Beaudry complains of were possible appears to me to be the action of the government in taking one half of the controls off without taking the other half off at the same time.

The CHAIRMAN: I suggest that this is not the place to argue the reasons for it.

Mr. MERRITT: That is why I wanted to hear Mr. Taylor.

The CHAIRMAN: The committee has decided on this matter by accepting a motion. I think it would be a waste of time at this point, but if you wish to make a motion, Mr. Merritt, I will put it.

Mr. MERRITT: Mr. Chairman, if my point is clear and agreed upon, as you seem to think, I will not need Mr. Taylor back; but if my point is not agreed upon then I think we should have Mr. Taylor back.

The CHAIRMAN: If I do not make any comment on that it is not that I agree with you.

Mr. MAYHEW: What we want to know is the actual facts. We can only get them by the calling of witnesses.

The CHAIRMAN: That is the point, that is what we have decided to do. All right, Mr. Monet.

Mr. MONET: Before we proceed, Mr. Chairman, with the further examination of Mr. Aird I want to table for the committee certain documents which I have been requested to put in since the beginning of this investigation. For the benefit of members of the committee we have put together a few documents that are going to be filed as requested. In report No. 25 of the Minutes of Proceedings and Evidence of Tuesday, March 16, at page 1185, there was a request for a comparison of the monthly average butterfat and creamery butter prices. This will be filed as exhibit 67.

EXHIBIT 67: Comparison monthly average butterfat and creamery butter prices.

COMPARISON MONTHLY AVERAGE BUTTERFAT AND CREAMERY BUTTER PRICES
SPECIAL GRADE BUTTERFAT F.O.B. SHIPPING POINT

	1947	Alberta c per lb.	Saskat- chewan c per lb.	Manitoba c per lb.	Ontario c per lb.	Wholesale Butter First Grade Montreal c per lb.
May		49.55	49.15	48.80	52.70	48.50
Ratio fat to butter		1:0.978	1:0.987	1:0.994	1:0.921	
June		50.31	50.50	49.50	51.44	49.75
Ratio		1:0.988	1:0.985	1:1.005	1:0.967	
July		51.87	52.25	51.50	52.62	49.75
Ratio		1:0.958	1:0.952	1:0.966	1:0.945	
August		55.75	55.95	55.00	56.30	55.25
Ratio		1:0.991	1:0.987	1:1.004	1:0.981	
September		62.00	61.75	61.00	63.75	59.125
Ratio		1:0.953	1:0.957	1:0.969	1:0.927	
October		60.87	60.75	60.25	64.25	57.125
Ratio		1:0.938	1:0.940	1:0.948	1:0.889	
November		61.75	61.35	60.60	62.50	60.375
Ratio		1:0.977	1:0.984	1:0.996	1:0.966	
December		67.70	67.25	66.00	71.50	66.125
Ratio		1:0.976	1:0.983	1:1.019	1:0.924	
1948						
January		69.00	68.75	68.00	74.10	68.00
Ratio		1:0.984	1:0.989	1:1.000	1:0.914	
February		69.00	67.75	67.00	73.50	67.50
Ratio		1:0.979	1:0.996	1:1.007	1:0.918	

NOTE: The disparity between prairie butterfat prices and Ontario butterfat prices is due to freight allowances for the prairie butter to terminal markets such as Vancouver, Toronto and Montreal. Also, the higher Ontario prices are made possible by the fact that a greater proportion of the production is sold by the creamery in print form.

Butterfat prices not available for other provinces.

Supplied by Dairy Products Division, Department of Agriculture, as requested by the Committee from Mr. J. F. Singleton, page 1185 of the Evidence.

On the same date and in the same number of the Minutes of Proceedings and Evidence, page 1194, there was a request for a statement regarding high scoring cheese eligible for Dominion government premium during 1947. That will be exhibit No. 68.

EXHIBIT 68: High scoring cheese eligible for Dominion government premium during 1947.

HIGH SCORING CHEESE ELIGIBLE FOR DOMINION GOVERNMENT
PREMIUM DURING 1947

20.04 per cent of the total Cheddar cheese graded in Canada during 1947 scored 94 or more points and were therefore eligible for the premium of 2 cents per pound.

41.94 per cent of the total Cheddar cheese graded scored 93 points and was therefore eligible for the premium of 1 cent per pound.

Supplied by Dairy Products Division, Department of Agriculture, as requested by the Committee from Mr. J. F. Singleton, page 1194 of the Evidence.

Then, in the same number of the Minutes of Proceedings and Evidence of Tuesday, March 16, at page 1219, the Saskatchewan Co-operative Creamery Association Limited, report on shipments to Montreal dealers. That will be exhibit 69.

EXHIBIT 69: Saskatchewan Co-operative Creamery Association Limited, Shipments to Montreal dealers.

SASKATCHEWAN CO-OPERATIVE CREAMERY ASSOCIATION LIMITED Regina, Saskatchewan

Shipments to Montreal Dealers

Date	Destination	Quantity Boxes	Price	
1947				
June 11	A. A. Ayer Company Limited	406	.49	f.o.b. Montreal
Aug. 28	Lovell & Christmas (Canada) Ltd. .	650*	.62	f.o.b. Montreal
Sept. 3	Lovell & Christmas (Canada) Ltd. .	652*	.62	f.o.b. Montreal
Sept. 19	Pollock Saunders Limited	718	.60½	f.o.b. Montreal
1948				
Jan. 20	Lovell & Christmas (Canada) Ltd. .	943	.67½	f.o.b. Montreal
Jan. 20	A. A. Ayer Company Limited	939	.67½	f.o.b. Montreal
Jan. 21	Lovell & Christmas (Canada) Ltd. .	895	.67½	f.o.b. Montreal

* (Unsalted).

Shipments to Swift Canadian Company

1947				
June 11	Toronto	638	.51	f.o.b. Toronto
June 13	Toronto	636	.51	f.o.b. Toronto
July 2	Moose Jaw	535	.50	f.o.b. Norquay
July 3	Moose Jaw	600	.50	f.o.b. Melville
July 5	Moose Jaw	484	.50	f.o.b. Moose Jaw
July 7	Moose Jaw	500	.50	f.o.b. Wadena
July 21	Winnipeg	653	.52½	f.o.b. Toronto
Aug. 22	Moose Jaw	433	.56	f.o.b. Moose Jaw
Aug. 23	Windsor, Ont.	651	.59	f.o.b. Windsor
Sept. 20	Vancouver	525	.61	f.o.b. Vancouver
Sept. 26	Moose Jaw	508	.61	f.o.b. Vancouver
Oct. 1	Halifax	635	.61	f.o.b. Toronto
Oct. 16	Sydney	671	.56	f.o.b. Toronto
Oct. 25	Sydney	657	.59	f.o.b. Toronto
1948				
Jan. 21	Fort William	635	.67½	f.o.b. Ft. William
Jan. 22	Fort William	774	.67½	f.o.b. Ft. William
Jan. 27	Fort William	317	.67½	f.o.b. Ft. William
Jan. 29	Fort William	515	.67½	f.o.b. Ft. William

Shipments to Canada Packers Limited

Date	Destination	Quantity Boxes	Price	
1947				
June 11	Toronto	415	.51	f.o.b. Toronto
June 13	Toronto	706	.51	f.o.b. Toronto
June 13	Toronto	638	.51	f.o.b. Toronto
June 16	Toronto	500	.51	f.o.b. Toronto
July 14	Edmonton	478	.52½	f.o.b. Vancouver
July 16	Edmonton	548	.50½	f.o.b. Humboldt
July 28	Vancouver	562	.52½	f.o.b. Vancouver
July 31	Vancouver	550	.52½	f.o.b. Vancouver
Aug. 9	Winnipeg	650	.54½	f.o.b. Toronto
Aug. 12	Toronto	634	.55½	f.o.b. Toronto
Aug. 14	Toronto	644	.55½	f.o.b. Toronto
Aug. 28	Vancouver	501	.60	f.o.b. Vancouver
Sept. 3	Toronto	636	.61½	f.o.b. Toronto
Sept. 30	Toronto	636	.61	f.o.b. Toronto
Oct. 8	Toronto	635	.60	f.o.b. Toronto
Oct. 15	Toronto	706	.56	f.o.b. Toronto
Oct. 30	Vancouver	487	.57½	f.o.b. Vancouver
Nov. 8	Toronto	652	.59	f.o.b. Toronto

Now, may I refer to Report No. 27 of the Minutes of Proceedings and evidence of Thursday, March 18, page 1270, (which is to be read in connection with exhibit 58, printed in No. 26 of the minutes at page 1260); this is a comparative statement of butter operations 1946, January to December inclusive by the Co-operative Fédérée de Quebec—Montreal. That was requested by Mr. Mayhew and it will be Exhibit No. 70.

CO-OPERATIVE FÉDÉRÉE DE QUÉBEC—MONTREAL

Comparative statement of butter operations
1946, January to December, inc.

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
Month	Quantity in boxes	Quantity in pounds	Sales	Remittances to creameries	Average price paid to creameries	Gross profit	Gross profit per lb.	Direct exp.	Profits before administra- tion or overhead expenses
			\$ cts.	\$ cts.		\$ cts.		\$ cts.	\$ cts.
January.....	5,327	298,334	110,414 06	108,017 55	0.3620	2,396 51	0.80	922 49	1,474 02
February.....	4,072	227,989	85,679 83	83,671 26	0.3670	2,008 57	0.88	704 99	1,303 58
March.....	1,657	92,826	34,543 12	34,006 23	0.3663	536 89	0.57	286 95	249 94
April.....	5,997	335,859	136,948 13	134,244 70	0.3897	2,703 43	0.80	1,038 52	1,664 91
May.....	30,405	1,702,676	651,202 15	642,588 38	0.3773	8,613 77	0.50	5,265 34	3,348 43
June.....	70,340	3,939,067	1,521,558 85	1,503,839 79	0.3817	17,719 06	0.44	12,181 04	5,538 02
July.....	70,854	3,967,818	1,565,054 11	1,543,483 93	0.3890	21,570 18	0.54	12,270 05	9,300 13
August.....	57,535	3,221,980	1,291,952 96	1,274,022 50	0.3954	17,940 46	0.55	9,963 55	7,976 91
September.....	39,787	2,228,087	899,965 50	887,160 32	0.3981	12,805 18	0.57	6,890 06	5,915 12
October.....	27,386	1,533,640	621,716 81	614,141 32	0.4004	7,575 49	0.49	4,742 53	2,832 96
November.....	9,757	546,389	221,079 82	215,795 96	0.3949	5,283 86	0.96	1,689 65	3,594 21
December.....	4,949	277,065	111,601 92	110,231 32	0.3978	1,370 60	0.49	857 24	513 36
	328,066	18,371,730	7,251,727 26	7,151,203 26	0.3892	100,524 00	0.54	56,812 41	43,711 59

CO-OPERATIVE FÉDÉRÉE DE QUEBEC-MONTREAL

Comparative statement of butter operations
1947, January to December inc.

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
Month	Quantity in boxes	Quantity in pounds	Sales \$ cts.	Remittances to creameries \$ cts.	Average price paid to creameries	Gross profit \$ cts.	Gross profit per lb.	Direct exp. \$ cts.	Profits before administra- tion or overhead expenses \$ cts.
January.....	3,371	188,769	78,413 47	76,188 71	0.4027	2,224 76	1.17	747 92	1,476 84
February.....	3,496	195,818	80,600 21	77,727 90	0.3935	2,872 31	1.46	775 66	2,096 65
March.....	3,637	203,665	84,906 89	82,000 49	0.4026	2,906 40	1.42	806 93	2,099 47
April.....	16,835	942,745	383,422 64	378,326 20	0.4013	5,096 44	0.54	3,735 16	1,361 28
May.....	36,075	2,020,208	987,300 06	969,048 32	0.4796	18,251 74	0.90	8,003 93	10,247 81
June.....	74,762	4,186,668	2,068,292 71	2,041,158 34	0.4875	27,134 37	0.64	16,587 39	10,546 98
July.....	86,022	4,817,264	2,385,029 81	2,357,185 73	0.4893	27,844 08	0.57	19,085 63	8,758 45
August.....	47,072	2,636,030	1,391,364 60	1,367,665 10	0.5188	23,699 50	0.89	10,443 83	13,255 67
September.....	45,659	2,556 905	1,503,075 28	1,473,337 39	0.5762	29,738 39	1.16	10,130 33	19,608 06
October.....	39,628	2,219,176	1,293,582 43	1,268,592 14	0.5716	24,990 29	1.12	8,792 23	16,198 06
November.....	15,924	891,715	521,827 18	510,790 76	0.5728	11,036 42	1.23	3,553 06	7,503 36
December.....	4,433	248,230	159,707 47	145,581 95	0.5860	13,125 52	5.28	983 56	12,141 96
	376,914	21,107,193	10,936,523 25	10,747,603 03	0.509	188,920 22	0.89	83,625 63	105,294 59

Now, I have been requested to bring to the attention of members of the committee certain corrections that have to be made in No. 25 of the Minutes of Proceedings and Evidence of Tuesday, March 16, page 1189.

The tenth line should read, "35 per cent cream" instead of "3.5 per cent cream." Then on the 13th line after the words "per cent butterfat" the words: "in the milk" should be added.

On page 1191 a question asked by Mr. Winters: "If the utilization out of 100 lbs. of milk were 40 per cent of butter . . ." should read: "If the utilization out of 100 lbs. of milk were 4.25 lbs. of butter . . ."

On page 1195—7th line from the bottom of the page, it should read "Canada Packers do manufacture butter, you know" instead of "Canada packers do manufacture butter in Montreal, you know."

I have also been requested by the Dominion Bureau of Statistics to make certain corrections on Table V, page 4, of exhibit 52, as to the price of butterfat. The corrections are as follows: The butterfat in December, 1947, should read 68.8 in Ontario, instead of 64; and 64.8 in British Columbia, instead of 63.4.

Now, for the information of members of the committee the Dominion Bureau of Statistics figures on butterfat are provincial averages for butterfat, whereas those submitted by Mr. Singleton in exhibit 67, are for special grade butterfat only.

W. R. Aird, President, Dominion Dairies Limited, Montreal, Quebec, recalled:

By Mr. Monet:

Q. Mr. Aird, you were requested to give the dates of incorporation of the different companies which are subsidiaries of Dominion Dairies. I understand they are Farmers' Dairy Company Limited, the Acme Farmers' Dairy Limited, the Producers Dairy Company Limited of Ottawa, the Hull Dairy Company Limited and the Crescent Creamery Company Limited. Can you now give members of the committee the dates of incorporation of these subsidiary companies?—A. Yes, the Farmers' Dairy commenced business in October, 1909, and was incorporated in the spring of that year. The previous president of the company did not know the exact date but it was in the spring of 1909. The name was changed to Farmers' Dairy Company Limited and it was incorporated on July 17, 1925 under that name. The name was again changed to the Acme Farmers' Dairy Limited under supplementary letters patent in January of 1930. Elmhurst Dairy Limited started in a small way in 1873. The son of the founder of the business does not remember the exact date but it was sometime in 1873 and was incorporated on November 4, 1921. The Producers Dairy here in Ottawa started business on 11th of November, 1918, Armistice Day, and it was incorporated on April 3, 1922. The Hull Dairy commenced business on March 15, 1924 and was incorporated on June 24, 1927. The Crescent Creamery Limited started somewhere about 1905 and was incorporated on June 19, 1905.

Q. Now Mr. Aird you were requested at page 1483 of the evidence to give the members of the committee the ice cream figure for January, February, and March, of 1948?—A. 202,201 gallons is the figure.

Q. How much was that?—A. 202,201 gallons.

Q. That is the total for the three months?—A. Yes sir, January, February and March. I was able to get the March figure.

Q. Mr. Aird, when the adjournment took place you had just been questioned on the various prices at which you were selling butter to private homes and to retail stores. Can you tell the members of the committee if the difference between the selling price at the wholesale and retail levels is considered by the

trade to be a fair margin?—A. I do not know what the trade thinks but as far as I am personally concerned, and speaking for our company, it is not quite enough under present wage and cost conditions.

Q. What do you think the spread should be?—A. Well there should be more. Just what the amount should be I have not figured out but wages are changing continuously. At the present time we are negotiating with unions in two different cities, and wage costs are changing from time to time. However, as the price is fixed we have not bothered to figure out what the increase should be because we are not likely to be asked that question for some time.

By Mr. Irvine:

Q. To whom do you think the price should be higher? Are you speaking of the farmer or the consumer?—A. The price to the farmer is regulated and the price to the consumer is also regulated at the present time.

Q. Yes, but you say you think it should be higher.—A. Personally, I think the price to the stores and to the consumer should be slightly higher to cover present day costs.

The CHAIRMAN: You think the consumer should be asked to pay even more?

The WITNESS: There should be some price increase.

Mr. MACINNIS: As between the wholesale and the retail price?

By Mr. Monet:

Q. Has this difference between the selling price at wholesale and retail levels increased or decreased since pre-war days?—A. It has not increased, it has decreased. You see, where a company delivers a great deal to the homes the cost is greater than in the case where the buyer gets it at the store and carries it home from the store.

Q. I understand you deliver a great deal of butter to stores?—A. I think it was 33 per cent that we delivered to the homes.

By Mr. Homuth:

Q. Is that in connection with your milk delivery?—A. Yes, right off our regular milk routes and the stores delivery is also made on our regular milk routes.

Q. I just wanted to get that clear. As your milk goes out the wagon delivers butter along with the milk?—A. Right.

Q. It is the same system?—A. Yes, our vehicles deliver to both stores and homes. We have a different operation as compared to that of some of the other people who have preceded me in giving evidence. In some cases those people sell all their butter or most of it in car lots of 56 pound boxes. When you take the 56 pound box and split it up into 56 separate pounds—and you must see that your butter is not underweight—you have the labour involved in the wrapping, in some cases the cost of the cartons, and icing in the summer time so that the butter is in proper condition when it gets to the home. All those steps enter into the cost of distributing butter in the way which we distribute it.

By Mr. Monet:

Q. In answer to a question put by Mr. Pinard you said you were selling butter to the homes in Montreal at 73 cents?—A. Yes, 73 cents in cartons.

Q. You said also that you were selling butter to stores in Montreal at 69½ cents?—A. Yes, and in the cartons 70½ cents.

Q. And it is delivered by the same— —A. —by the same vehicle that delivers the milk and at the same time.

By Mr. Homuth:

Q. I think we should get that clear, Mr. Chairman. The price of 69 cents plus the carton amounts to what?—A. 70 $\frac{1}{4}$ cents. We are allowed 1 cent for the carton.

Q. Yes, and you retail to stores at 70 $\frac{1}{4}$ cents and retail to homes at 73 cents?—A. Yes.

Q. So there is a 2 $\frac{3}{4}$ cent profit to the retailer?—A. A spread, he has got his operating expenses too.

Q. A gross profit of 2 $\frac{3}{4}$ of a cent?—A. Yes.

The CHAIRMAN: At any rate it is sold more cheaply to the retailer and it is drawn by the same vehicle?

The WITNESS: At the same time the deliveries are made.

By Mr. Monet:

Q. Now, Mr. Aird, has your company at any time suggested a retail price to any of the retailers?—A. No, sir.

Q. You never did?—A. No, there are stores which sell butter at less than what we sell it for. We have stores which sell our butter at less than our price.

By the Chairman:

Q. What is the explanation for that? Is it an inducement?—A. We do not sell it under our own name.

Q. No, but you say there are people that sell your butter cheaper than you do?—A. Yes.

Q. Why do they do that? Is it an inducement for their sales?—A. I cannot answer why they do so but our wagon price, the delivered price, is higher than the store price.

Q. Yes, but you have said there are people who sell your butter cheaper than you do in some instances?—A. Yes.

Q. What is the explanation?—A. They are selling in competition with other store keepers. We put up that butter in a special wrapper for them. We do not sell our company's butter in this city at that lower price.

Mr. MACINNIS: They are satisfied with a smaller spread.

The WITNESS: Yes, and we have a higher cost of delivery to the home.

Mr. MONET: Do you mean to say they sell it cheaper than you would sell it to them?

The WITNESS: Yes—oh, no, no, no.

Mr. HOMUTH: That is it, he says—no, no, no.

The WITNESS: I was asked a question—

Mr. HOMUTH: Mr. Chairman, what he said was—

The CHAIRMAN: Well I repeated my question two or three times and I was wondering.

Mr. HOMUTH: I think I understood what he said and it was this. The stores are selling their butter cheaper than the price at which they deliver to the homes.

The WITNESS: Right. First of all I was asked whether we dictate to the storekeeper,—

Mr. MONET: I did not use the word "dictate". I used the word "suggest".

The WITNESS: My answer to that question was no. Then I was asked a question as to whether the stores sell our butter for less than we sell that same butter—for less than we sell to homes. None of those stores sell it at less than the figure they pay for it.

Mr. HOMUTH: I would think they would be crazy if they did.

The CHAIRMAN: I would have thought so too but the question was put three times.

Mr. MONET: That is why I asked the question and as far as I am concerned that is all I have to ask of this witness.

Mr. HOMUTH: Mr. Aird, before you are dismissed—and I do not know whether this committee ever gives anyone a clean sheet—they never do; you never get a clean sheet from this committee—

The CHAIRMAN: I am sure Mr. Homuth is saying that with a smile.

Mr. HOMUTH: I mean that in a jocular way. We are always going to be suspicious of everyone.

The CHAIRMAN: No, we are here to get facts and to be fair.

By Mr. Homuth:

Q. I wish to ask you this, Mr. Aird. You sold how much ice cream in 1946? Have you got that figure? If you have not got that figure it is all right. You did, however, give us the ice cream figures for the year 1947.—A. No, I gave the figure for the months of January, February and March. The figure was 202,000 gallons. In 1946 we sold somewhere about 800,000 or 850,000 gallons.

Q. Can you give this committee some idea what ice cream would mean in terms of butter?—A. Well, it is very simple to figure it out. A gallon of ice cream must weight 5 pounds. If you take the total gallonage for the dominion and multiply by 5, remembering that it must not be less than $9\frac{1}{2}$ and not over $10\frac{1}{2}$ per cent butterfat—then you have a simple problem in arithmetic. I have not got the figure but it is a small percentage.

Q. It is only a small percentage?—A. Yes, almost negligible.

Q. And the sale of ice cream in the country has no particular bearing on the supply or shortage of butter over the country as a whole?—A. It has very little bearing.

By the Chairman:

Q. Mr. Homuth used the word "dismissed" as applying to you, Mr. Aird, but before you leave the table I would ask you this. You heard the discussion about the situation in Montreal, and as you are a large butter dealer can you help us?—A. Yes, it is not hard to get butter sometimes.

Q. Let me preface my next question with this statement. I was in my home city yesterday and the other members have been at their homes likewise. The people generally are complaining about the shortage of butter and their inability to get butter. Now these people have read in the papers about a Montreal jeweler who has been giving away butter and, without giving a figure, I understand that the jeweler concerned has quite a lot of butter on hand?—A. That is not in the information that I have. I took it upon myself, when I got back to Montreal, to find out what I could. I do not suppose there is anyone who is more concerned about the shortage of butter in Montreal than our firm with its 36,000 customers. They are people who are looking to us for butter and they are most impolite to us when we tell them we are sorry that we just have not got butter for them. This butter concerned in the three places mentioned is insignificant according to the information given to me by the members of my organization. One instance mentioned represented 200 or 300 pounds.

Q. I am told the amount is much greater than that.—A. Well I have not got that information.

Mr. PINARD: Between 4,000 and 5,000 pounds.

The WITNESS: I understand all three of these firms have stopped the practice now. It was of considerable concern to us when our customers would phone in and ask how a jeweler could get butter when we could not.

The CHAIRMAN: Supposing a person had 5,000 pounds of butter—I am not saying that they have but if they had—where would they have obtained it in this time of shortage?

The WITNESS: I do not know. I have been trying to find out and I do not think it would be possible to get 5,000 pounds of butter in or around Montreal today.

By Mr. Homuth:

Q. Instead of it being butter coming from the creameries might it not be dairy butter?—A. It was reported to me that some of it was dairy butter.

Q. Are there farmers who are big enough down there who might, because of the price, start to churn their own butter?—A. There is a certain amount of that going on all the time. There is some dairy butter. I do not know where there is any butter available.

Q. There are people who go out and buy cream, put it in a container, and place it in the washing machine to make their own butter once in a while. Now I was just wondering whether some larger farmers outside of Montreal might be producing their own butter because of the increased price?—A. I doubt if there are any Montreal inspected farms on which the milk which has been produced up to within the last three or four days has not been sold in the fluid market. It would pay a much higher price than churning it into butter at the ceiling price because when you pay \$4.10 for a hundred pounds of milk, it is more than a dollar a pound for the fat. It would not pay to churn it and sell it at the ceiling price.

By Mr. MacInnis:

Q. You said a moment ago that wages were continually changing, that is, if I understood what you said correctly. How long has the present wage rate been in effect?—A. Well, it varies. In Toronto it changed within the past few months. In Montreal, it is changing now. It changed twice within the last year. We have not a plant in which there have not been changes on numerous occasions in the last few years.

Q. You said your employees were negotiating now?—A. In one plant in Montreal, now.

Q. When was the last change in wage rates in that plant?—A. Within the past six months.

Q. Do you make agreements for a period of time?—A. Where there is a definite union, yes.

By Mr. Winters:

Q. I wonder if the witness could tell us what he aims at as a normal operating relationship between the cost to him of a pound of butter fat and the selling price of a pound of butter?—A. Retail or wholesale?

Q. Wholesale?

Mr. HOMUTH: Is Mr. Winters talking about gross profit or net profit on a pound of butter?

Mr. WINTERS: I am talking about what he considers he has to get in order to realize an operating profit. I do not care whether he looks at it in terms of gross or net, I want to know at what price he has to sell a pound of butter on the trade to get an operating margin?

Mr. HOMUTH: The question always arises whether or not it is a gross profit on one part of his activities or whether it is a net profit on a particular product.

Mr. WINTERS: I think his answer would be in terms of a net profit.

Mr. HOMUTH: The net profit on butter and not related to other commodities which he handles?

Mr. WINTERS: He has to fix a selling price to realize a net profit.

The WITNESS: We do not fix a selling price based on cost, we follow the market. Irrespective of what the market is, we have to sell at that price.

By Mr. Winters:

Q. You said in evidence you did not think the spread was enough?—A. Yes.

Q. What do you think it should be? What do you aim at?—A. Well, I would have to figure that out under present wage and operating conditions. It might change six months from now. I cannot tell you unless I figure out exactly what it would be under present conditions. Butter is, more or less, a last resort for the product we buy, that is, milk. Most of our butter is made from collected milk during the summer season. We produce butter with the surplus fat we cannot dispose of in the way of table cream or ice cream. In the winter time we have an outlet for all the cream we can get and more. Therefore, it is the over-supply of fat in the summer time which we turn into butter. It was for that reason we went into the market last year and bought a million and a quarter pounds to see through those customers who continually buy butter from us.

While it represents a lot of money, it is more or less a convenience to our customers and a convenience to us because it allows us to operate plants in which to get cream for our table cream use and for our ice cream.

Q. The reason I raised the question, Mr. Chairman, was that on page 148 of the evidence Mr. Aird gave certain figures showing the increase in the cost to him of butter fat over a certain period and the increase in butter prices over the same period and indicated he was encountering a diminishing return. Mr. Monet was good enough to have Mr. Aird supply me with certain information showing the cost to him of butter fat from April, 1947 to March of this year and his selling price on butter over that period. I made a calculation just before I came in here, using the usual 20 per cent over-run, and it shows—this information has been supplied to me on the basis of butter fat costs in Quebec shown in one column, and Manitoba and Saskatchewan shown in another column. I think you can take either one as a reference, but let us take Manitoba and Saskatchewan. It shows that the difference between the cost of butter fat and the selling price of butter in April, 1947 was 8.4 cents?—A. That is taking the 20 per cent over-run into consideration?

Q. Yes, and progressively, that increased up to the end of November, 1947 to 17.3 cents. Then, it decreased and now it is running around a little more than 11 cents?—A. How did you get that 17.3 cents?

Q. Well, on November 30, your figures show the price of butter fat at 62½ cents?—A. Yes.

Q. Which reduced to butter is 48 cents?—A. No, 52 cents; 62½ divided by 120 gives you 52 cents. You have about 8.2 cents.

Q. Yes, you are right about that.—A. I think you will find in the evidence we said we had about 8¼ cents spread.

Q. Even allowing for that, it has increased over that period from April 1947 to the end of February of this year from 8 cents to something more than 11 cents? You say you are still not realizing enough which would naturally lead one to ask you what you think enough should be?—A. It is 9 cents now

Q. Is it 9 cents now?—A. Yes, the proper calculation is 9, from $8\frac{1}{2}$ to 9. Our costs have gone up approximately 1 cent a pound on labour and selling expenses, not much more.

Q. You have not really experienced an over-all diminution of your spread?—A. No, we are getting a little less gross profit than a reasonable gross profit today, on our type of operation, for butter.

Q. You say it is a little less than a reasonable gross profit?—A. Yes.

Q. What would you think, another cent or 2 cents?—A. With costs as they are, I would say another cent. The wages go up, the cost of coal and other things go up, and next week it will take more again. You cannot fix a price, Mr. Winters, today and come back two weeks from today and say that is what it is going to be.

By the Chairman:

Q. I am just looking at the questions and answers on page 1492 in which you admit making a very abnormal profit of about 8 cents a pound on $2\frac{1}{2}$ million pounds?—A. Did I say that.

Q. You did not agree with that. I will just read the questions and answers. I am reading from page 1492 of the evidence.

By Mr. Monet:

Q. I am coming to that. If you refer, then, to the butter sold during August, September and October, December, January and February, would it be fair to state that the company realized a very abnormal profit of about 8 cents a pound on $2\frac{1}{2}$ million pounds?—A. No, it would not.

Q. Gross profit?—A. No, it would not be fair to say that. It would be fair to say there was an approximate gross profit of that, yes.

Q. That is what I am asking you.—A. Between 8 and 10 cents.

Mr. LESAGE: Between 8 and 10 cents.

Mr. MONET: On $2\frac{1}{2}$ million pounds sold during that period?

The WITNESS: Yes.

By Mr. Monet:

Q. That would make close to \$200,000 if any calculation is correct?—

A. I would have to verify that.

Is it fair to suggest that when the profit is very high, as in this case it was apparently, the same consideration is not given to the consumer as is given when you find your cost situation tight as you say it is now?—A. I do not follow you.

Q. Well, right now you have a cost problem on your hands requiring a certain spread. You think you are not getting enough. 73 cents is not enough now. However, there was a time when you got an abnormal profit.—A. That is the gross profit you are talking about, that is not the net profit.

Q. What was the net at that time?—A. 1.3 cents a pound.

Q. As compared with?—A. A loss the year before of 2.19.

Q. And now?—A. And now, it would be less than that because the butter we are selling today—on December 31, we had 800,000 pounds of butter on hand if I remember correctly, 803,000 pounds. The butter we are selling today is butter that was made—it is all gone now.

By Mr. Lesage:

Q. How much did you have at the end of March?

By the Chairman:

Q. At the end of February you had 829,000?—A. At the end of December we had 829,000 and in February, 311,000.

By Mr. Lesage:

Q. What about March, now?—A. It would be somewhere around 100,000, with sales running between 400,000 and 500,000 pounds a month.

By Mr. Pinard:

Q. You have only 33,000 customers in Montreal?—A. We have 36,000 customers in Montreal, but this is a consolidation of the 100,000 customers in four cities.

By Mr. Homuth:

Q. You are very close to destitution so far as butter is concerned?—A. We are having a hard time.

By Mr. Lesage:

Q. You had 100,000 pounds on the 31st of March?—A. I am speaking from memory; it would be less than 100,000.

Q. How many pounds did you secure by buying or producing butter in March?—A. I should like to make a correction, if I may. On this form, in February, I showed we produced 14,950 pounds of butter, but that is wrong. You should take 14,000 from that. We transferred 14,000 from one plant to another and an error was made in that computation. It was shown as produced, but it was produced by one company and sold to another. It was an error. We got the large quantity of 950 pounds of butter in the month of February.

Q. And in March, did you get any?—A. I have not the figures for March as yet. I tried to get them but I have not been able to.

Q. Was it any more than 950?—A. Yes, we bought a little more in the month of March.

Q. Did you not produce any?—A. Our production—our largest production of butter is right in this area here, Shawville, Almonte, Campbell's Bay and so on. We produced 80,000 pounds last March and this year 40,000 pounds; that is why we are short of butter.

Q. How is it you did not get as much milk this year as you did last year? I think that is the fundamental problem?—A. We are about two weeks behind in the season, that is what they tell me.

Q. Has the price of veal anything to do with it?—A. I do not think so.

By the Chairman:

Q. Has the export of cattle anything to do with it?—A. I do not think so.

Mr. HOMUTH: We are not exporting cattle.

The CHAIRMAN: Live cattle, we are.

Mr. HOMUTH: Only pure bred cattle.

By Mr. Lesage:

Q. Would one of the reasons be the fact the farmer is receiving more money for veal than for fluid milk?—A. I am told by our field men the farmer can realize more money selling his milk to us than he can putting it into veal. That is what I am told.

Q. That is the answer I wanted. Cattle are not out much yet even in southern Ontario?—A. Not yet. They would have mud up to their udders if they were out now.

Q. Even in southern Ontario?

The CHAIRMAN: What is that?

Mr. LESAGE: Cattle.

Mr. HOMUTH: No cattle are out.

By Mr. Lesage:

Q. When the cattle are out you get more milk?—A. They had zero weather in Winnipeg and Manitoba yesterday and the day before, and they have not got them out there now.

Q. Do you think as soon as the cattle are out, which is a week or two weeks away, the situation will be taken care of?—A. We are beginning to see a slight improvement within the last five days. Cattle are freshening and the milk production is coming up some. It is slow. I do not think we are going to see production as fast this spring as we did last year because the cattle are not in as good shape this spring as they were last year.

Q. Can you supply your clients to a certain extent today? Let us say today?—A. All our clients with milk and cream, yes.

Q. Butter?—A. No, approximately 50 per cent.

Q. That is what you are doing now?—A. In this market here we are running about 25 to 30 per cent of their regular requirements. In Montreal we are running about 50 per cent.

Q. Fifty per cent of your regular requirements?—A. Yes, but not enough to supply the people who do not buy butter from us and who want it now. Our own customers are getting about 50 per cent of the regular supply.

By Mr. Monet:

Q. In Montreal?—A. In Montreal.

By Mr. MacInnis:

Q. Do you ration the supply available?—A. We do not ration it. We have all our routes on a quota.

By Mr. Lesage:

Q. You cannot supply people who were not your customers before?—A. If I were to telephone Montreal now I would be out of butter ten minutes from now, and I would be out of business.

Q. I am not blaming you.—A. We have got about 50 per cent. Our customers are getting about 50 per cent of their normal purchases.

Q. You say it is improving and that in a week or two from now as far as your customers are concerned the situation will be corrected?—A. I think so far as our own customers are concerned within the next ten days it will start to improve, and by May we will have ample.

Q. By May?—A. In our company. I do not know about anybody else.

Q. I am talking about our own company and your own customers.—A. We anticipate having ample for all our customers and a little more on or before the 1st of May.

By Mr. Pinard:

Q. In order to supply your customers have you tried to reduce the sale of cream?—A. No, because I have got to pay too high a price for cream. I cannot put that into butter.

Q. Have you tried to reduce ice cream production?—A. It would be silly for us to do that. It is a very small quantity, and that is high priced cream, too.

By Mr. Homuth:

Q. During the investigation of the price of butter we have had some evidence here of so-called unprecedented profits. Mr. Chairman, this question may be rather involved. I am going to give an explanation of it. In every industry producing certain commodities there are some commodities which they sell at cost, or sometimes even at a slight loss because it uses up certain products which they accumulate and they have got to get them out in the market. This unprecedented rise in the price of butter was certainly not looked for by the butter people, was it? It was an abnormal condition?—A. We tried to stop it.

Q. It was an abnormal condition?—A. Yes.

Q. Is butter one of those commodities which in ordinary industry is looked upon as something which is moved in and out or manufactured because of the fact that butter must go with some other commodities, and butter sells some commodities, or other commodities sell butter?—A. Not generally speaking. There are straight butter operators. You had one company—

Q. I am talking about your company.—A. We have only one plant in our organization that is strictly a butter operation. All of our others are feeders for our four distributing plants in the four cities, milk, cream, cream for ice cream, cream for table use, and we have got to have large surpluses, for want of a better word, in the heavy summer production period to insure us enough cream for our table trade in the winter months when production is low.

Q. Do you refrigerate that?—A. We freeze some of it and keep it for use later in the year when production drops. We churn some of it and keep it for use later in the year when production drops, but in order to dispose of the rest of it we sell it on our milk routes, and through our regular outlets for our milk and cream.

Q. Butter in itself is not considered one of your prime products of production?—A. I could not deliver butter to the home as butter alone. It has got to be with the milk and cream.

Q. It has got to be a part and parcel of your whole business?—A. Right.

THE CHAIRMAN: Any other questions? All right, Mr Monet; call your next witness.

MR. MONET: The next witnesses will be Mr. Silverwood, Mr. Duplan and Mr. Gillies.

Edward Gordon Silverwood, President, Silverwood Dairies Limited, called and sworn.

John Harold Duplan, Executive Vice-President, Silverwood Dairies Limited, called and sworn.

John Harold Gillies, Vice-President and Treasurer, Silverwood Dairies Limited, called and sworn.

MR. MONET: Mr. Silverwood, would you please give your full name?

MR. SILVERWOOD: Edward Gordon Silverwood.

MR. MONET: Your address.

Mr. SILVERWOOD: 303 Huron Street, London.

Mr. MONET: Your occupation?

Mr. SILVERWOOD: President of Silverwood Dairies Limited.

Mr. MONET: Your head office is situated where?

Mr. SILVERWOOD: London, Ontario; 75 Bathurst Street, London.

Mr. MONET: Mr. Duplan, what is your full name?

Mr. DUPLAN: John Harold Duplan.

Mr. MONET: Your occupation?

Mr. DUPLAN: Executive Vice-President, Silverwood Dairies Limited.

Mr. MONET: And your address?

Mr. DUPLAN: 23 Belgrave Avenue, London, Canada.

Mr. MONET: Mr. Gillies, would you give your full name?

Mr. GILLIES: John Harold Gillies.

Mr. MONET: Your address?

Mr. GILLIES: 403 Huron Street. London.

Mr. MONET: Your occupation?

Mr. GILLIES: Vice President and Treasurer, Silverwood Dairies Limited.

The CHAIRMAN: I am sure that the members of the committee will note the absence of Mr. McCubbin, who has been a regular attendant, particularly having regard to the presence of this company which is in his own riding. Word has come to me that his father has died today and he has gone back home. I have sent a wire in the name of the committee.

Mr. MONET: Mr. Silverwood, I understand you were requested by counsel to give certain information for the benefit of the members of the committee, which information you have submitted. Would you now look at a brief which I understand has been prepared by you as president of the company?

Mr. SILVERWOOD: Yes.

Mr. MONET: You will be asked to read that to the members of the committee in a few minutes. Then I want to refer to the questionnaire submitted to you by the secretariat, which questionnaire fully answered will be filed as exhibit—

The CHAIRMAN: Exhibit 71.

EXHIBIT No. 71: Questionnaire as answered by Silverwood Dairies Limited.

EXHIBIT 71
STATEMENT No. 1

SILVERWOOD DAIRIES, LIMITED

Head Office—London, Ontario

QUANTITIES AND VALUE OF BUTTER—By MONTHS

Month	Quantities of butter—Lbs.						Dollar value (omit cents)		Average per lb.		
	On hand at beginning of month	Purchases during month	Transferred from creamery during month (1)	Sub-Total	Sales during month (2)	On hand at end of month	Purchases and production during month	Sales during month	Cost of purchases and production	Selling price	Margin between cost and selling price cts.
1939											
January.....	Not available.										
February.....											
March.....	173,954	144,894	322,473	641,321	505,034	136,287	97,968	114,371	20.93	22.65	1.72
April.....	136,287	178,279	443,129	737,695	570,792	186,903	126,521	124,163	20.34	21.75	1.41
May.....	186,903	164,133	559,932	910,965	591,166	319,802	153,469	134,516	21.17	22.75	1.58
June.....	319,802	205,784	440,694	966,280	608,839	357,441	137,890	138,794	21.28	22.80	1.52
July.....	357,441	366,583	418,439	1,142,463	614,933	527,530	158,281	138,671	20.14	22.55	2.41
August.....	527,530	282,641	388,119	1,198,290	591,079	607,211	174,478	160,022	25.87	27.07	1.10
September.....	607,211	191,229	344,286	1,142,726	515,613	627,113	147,276	149,169	27.46	28.93	1.47
October.....	627,113	183,688	284,507	1,095,306	585,393	509,913	130,161	170,552	27.72	29.13	1.41
November.....	509,913	211,308	270,301	991,522	561,357	430,165	137,529	161,637	28.47	28.79	0.32
December.....											
		1,928,537	3,471,880		5,144,206		1,263,573	1,291,895			
1940											
January.....	430,165	224,439	286,004	940,608	574,894	365,714	138,459	163,607	27.12	28.46	1.34
February.....	365,714	230,435	247,107	843,256	622,493	220,763	125,358	171,087	26.25	27.48	1.23
March.....	220,763	193,948	279,681	694,372	549,681	144,691	129,227	157,622	27.28	28.68	1.40
April.....	144,691	160,898	351,839	657,428	516,327	141,101	131,975	142,375	25.74	27.57	1.83
May.....	255,861	139,281	468,635	749,017	493,156	255,861	135,573	119,187	22.30	24.16	1.86
June.....	141,101	164,121	590,941	1,010,923	506,702	504,221	161,503	118,035	21.81	23.29	1.48
July.....	504,221	185,642	522,659	1,222,522	538,298	684,224	153,295	123,450	21.34	22.93	1.59
August.....	684,224	186,923	401,124	1,315,399	611,802	713,270	140,491	140,953	21.45	23.04	1.59
September.....	713,270	264,430	374,923	1,352,623	760,209	592,414	133,901	143,684	22.77	23.86	1.09
October.....	592,414	258,628	240,775	1,352,623	602,129	407,899	169,630	207,934	26.53	27.85	1.32
November.....	407,899	389,844	227,643	1,091,817	683,918	407,899	147,021	207,558	29.44	30.34	0.90
December.....				1,025,586	688,832	336,754	211,163	240,560	34.18	34.92	0.74
		2,593,998	4,461,032		7,148,441		1,777,596	1,936,052			

PRICES

1519

1943

January.....	166,894	81,570	221,797	470,261	307,600	162,661	303,367	115,170	33,79	37,44	3,65
February.....	162,661	53,163	200,559	416,383	220,136	196,247	87,213	81,553	34,36	37,03	2,67
March.....	196,247	32,998	264,541	484,786	290,857	193,929	100,084	109,126	34,69	37,51	2,82
April.....	193,929	32,005	314,220	540,754	281,966	188,788	119,178	140,769	34,36	36,85	3,16
May.....	158,788	140,923	400,506	790,217	500,952	289,285	197,739	179,611	32,69	35,85	2,98
June.....	289,285	191,604	724,279	1,205,168	427,209	777,959	276,124	140,937	32,31	35,09	2,98
July.....	777,959	274,708	583,547	1,636,214	450,975	1,185,239	276,124	158,553	32,17	35,16	2,99
August.....	1,325,689	83,930	508,609	1,777,778	452,089	1,325,689	190,898	159,124	32,22	35,20	2,98
September.....	1,325,689	68,717	474,047	1,868,453	472,288	1,306,165	177,683	166,568	32,74	35,27	2,53
October.....	1,306,165	73,554	339,421	1,809,140	502,810	1,306,330	137,953	179,102	33,40	35,62	2,22
November.....	1,306,330	135,565	239,189	1,681,085	479,875	1,201,210	128,884	174,784	34,39	36,42	2,03
December.....	1,201,210	56,694	218,868	1,476,772	581,835	894,937	93,095	209,560	33,78	36,01	2,23
.....	.....	1,217,032	4,579,583	.....	5,068,572	.....	2,108,186	1,823,837	.....	.....	.....

1944

January.....	894,937	199,364	221,050	1,315,351	606,192	709,159	145,041	219,770	34,52	36,25	1,73
February.....	709,159	59,992	227,768	996,919	562,318	434,601	101,099	210,519	35,13	37,44	2,31
March.....	434,601	63,687	276,231	774,519	500,214	274,305	109,808	174,846	32,30	34,95	2,65
April.....	274,305	63,835	267,959	606,099	493,915	112,184	114,238	180,638	34,43	36,57	2,14
May.....	112,184	81,492	514,313	707,989	465,922	242,067	195,116	167,233	32,75	35,89	3,14
June.....	242,067	88,453	637,355	977,875	442,553	535,322	238,114	156,792	31,55	35,43	3,88
July.....	535,322	279,687	522,765	1,337,774	484,080	853,694	261,534	170,271	32,50	35,17	2,58
August.....	853,694	200,637	469,738	1,524,069	491,298	1,032,771	223,191	175,203	33,29	35,66	2,37
September.....	1,032,771	132,103	422,767	1,587,641	516,955	1,070,686	191,037	188,415	34,43	36,45	2,02
October.....	1,070,686	75,029	350,220	1,495,945	500,999	994,946	145,518	183,915	34,25	36,71	2,46
November.....	994,946	33,627	261,439	1,200,012	546,008	744,004	95,663	198,908	32,39	36,43	4,04
December.....	744,004	73,312	244,148	1,001,464	572,093	489,371	109,247	209,525	34,41	36,62	2,21
.....	.....	1,351,228	4,425,753	.....	6,182,547	.....	1,929,606	2,236,035	.....	.....	.....

NOTE.—(1) Transfers on basis of market prices.
 (2) 1939 and 1940 internal and interbranch sales are included.

SILVERWOOD DAIRIES, LIMITED.

QUANTITIES AND VALUE OF BUTTER—BY MONTHS

Month	Quantities of butter—Lbs.						Dollar value (omit cents)		Average per lb.		
	On hand at beginning of month	Purchases during month	Transferred from creamery during month (1)	Sub-Total	Sales during month (2)	On hand at end of month	Purchases and production during month	Sales during month	Cost of purchases and production	Selling price	Margin between purchase cost and selling price
1946											
January.....	418, 067	137, 725	216, 796	772, 588	543, 713	228, 875	125, 735	206, 985	35-47	cts. 38-07	2-06
February.....	228, 875	14, 105	181, 362	424, 342	331, 806	92, 446	68, 869	130, 202	35-23	cts. 39-23	3-01
March.....	92, 446	71, 018	226, 829	390, 293	330, 894	59, 459	106, 614	128, 347	35-79	cts. 38-80	3-06
April.....	59, 459	61, 741	296, 312	417, 512	322, 700	94, 803	140, 603	136, 591	39-27	cts. 41-92	3-58
May.....	94, 803	202, 385	437, 063	734, 851	330, 084	344, 167	245, 388	163, 778	38-34	cts. 40-83	3-17
June.....	344, 167	522, 878	563, 772	1, 430, 817	388, 561	1, 042, 256	409, 201	158, 660	37-66	cts. 40-99	2-27
July.....	1, 042, 256	269, 272	485, 758	1, 797, 286	444, 388	1, 352, 898	292, 347	182, 188	38-72	cts. 40-99	2-65
August.....	1, 352, 898	114, 734	409, 394	1, 877, 026	560, 302	1, 316, 724	207, 818	237, 032	39-65	cts. 41-38	3-31
September.....	1, 316, 724	44, 592	346, 966	1, 708, 282	453, 153	1, 255, 129	140, 050	187, 527	38-07	cts. 42-74	3-39
October.....	1, 255, 129	3, 869	303, 030	1, 562, 098	444, 364	1, 117, 664	120, 147	189, 909	39-15	cts. 43-15	3-93
November.....	1, 117, 664	3, 626	197, 563	1, 320, 853	419, 890	900, 963	79, 697	181, 170	39-22	cts. 43-57	4-36
December.....	900, 963	11, 301	139, 217	1, 071, 481	371, 516	699, 963	66, 866	161, 871	39-21		
		1, 459, 246	3, 824, 662	.....	5, 002, 010	.....	2, 012, 335	2, 064, 260			
1947											
January.....	699, 965	101, 062	257, 190	1, 058, 217	577, 181	481, 036	144, 070	242, 884	40-21	cts. 42-08	1-87
February.....	481, 036	202, 684	243, 782	927, 502	598, 242	329, 260	169, 193	244, 003	37-90	cts. 40-79	2-89
March.....	329, 260	146, 006	289, 297	775, 163	567, 234	207, 929	183, 807	247, 969	41-22	cts. 43-71	2-49
April.....	207, 929	152, 649	300, 158	720, 736	617, 009	103, 727	202, 630	261, 923	39-51	cts. 42-45	2-94
May.....	103, 727	282, 850	447, 569	834, 145	458, 892	375, 254	359, 956	237, 146	49-28	cts. 51-68	2-40
June.....	375, 254	669, 582	601, 402	1, 646, 298	577, 624	1, 068, 674	592, 797	296, 119	46-64	cts. 50-41	3-77
July.....	1, 068, 674	139, 135	635, 678	1, 843, 483	543, 864	1, 299, 621	390, 680	292, 208	53-52	cts. 53-72	3-30
August.....	1, 299, 621	294, 062	455, 301	2, 048, 984	686, 347	1, 362, 637	401, 124	390, 082	58-48	cts. 62-02	3-31
September.....	1, 362, 637	212, 302	456, 681	2, 031, 620	597, 595	1, 434, 025	391, 191	374, 256	57-46	cts. 61-15	3-69
October.....	1, 434, 025	232, 485	302, 905	2, 029, 415	629, 672	1, 399, 743	342, 139	385, 075	58-61	cts. 60-47	1-86
November.....	1, 399, 743	74, 355	231, 499	1, 705, 597	616, 131	1, 089, 466	179, 247	372, 560	64-92	cts. 67-15	2-23
December.....	1, 089, 466	129, 412	211, 613	1, 430, 491	688, 853	761, 638	221, 407	449, 152			
		2, 637, 182	4, 563, 135	.....	7, 138, 644	.....	3, 578, 241	3, 793, 377			
1948											
January.....	761, 638	131, 440	210, 387	1, 103, 465	560, 034	543, 431	230, 527	391, 116	68-83	cts. 69-84	1-01
February.....	543, 431	77, 483	178, 276	799, 190	514, 177	285, 013	171, 087	353, 831	66-89	cts. 68-81	1-92

SILVERWOOD DAIRIES, LIMITED

STATEMENT No. 4

PRICES

1521

BUYER OPERATIONS

A	B		C		D	E	F	G	H	I
	Sales		Value		Average per lb.	Cost	Purchasing expense	Production expense	Total cost of sales	Average per lb.
	lbs.		\$		cts.	\$	\$	\$	\$	cts.
1939.....	4,735,900		1,327,354		28-02	1,120,312	34,673	134,735	1,289,720	27-22
1940.....	5,015,526		1,313,977		26-29	1,051,660	42,403	113,555	1,207,618	24-07
1941.....	4,986,325		1,434,199		28-76	1,118,258	47,929	122,202	1,288,389	25-84
1942.....	4,800,210		1,593,948		33-21	1,288,554	47,557	133,610	1,469,721	30-62
1943.....	4,158,696		1,532,423		36-84	1,259,642	47,942	117,478	1,425,062	34-26
1944.....	5,922,238		2,127,032		35-92	1,746,623	76,970	170,912	1,994,505	33-68
1945.....	5,847,912		2,128,095		36-39	1,765,160	71,000	163,557	1,999,717	34-20
1946.....	6,221,402		2,315,780		37-22	1,893,960	72,567	177,857	2,144,384	34-46
1947.....	5,922,309		2,614,180		44-14	2,236,326	68,737	101,455	2,406,718	41-65
11 Months to February 28, 1948.....	47,610,518		16,391,988		34-43	13,480,695	509,778	1,295,361	15,285,834	32-11
	6,470,198		3,803,473		58-78	3,122,847	74,134	211,579	3,408,562	52-68
	J		K		L	M	N	O	P	Q
	Selling expense		Average per lb.		Trading profit	Average per lb.	Indirect expense	Average per lb.	Net profit or loss	Average per lb.
	\$		cts.		\$	cts.	\$	cts.	\$	cts.
1939.....	40,279		0-85		-2,645	-0-05	195,849	4-14	*198,495	*4-19
1940.....	37,106		0-74		74,253	1-48	168,569	3-36	*94,315	*1-88
1941.....	35,556		0-71		110,294	2-21	164,534	3-30	*54,280	*1-09
1942.....	34,615		0-72		89,612	1-87	155,954	3-25	*66,343	*1-38
1943.....	30,446		0-73		76,916	1-85	133,660	3-21	*56,745	*1-38
1944.....	41,346		0-70		91,181	1-54	148,182	2-50	*57,002	*0-96
1945.....	42,157		0-72		86,221	1-47	134,098	2-29	*47,876	*0-82
1946.....	48,425		0-78		122,971	1-98	150,532	2-42	*27,560	*0-44
1947.....	49,726		0-84		97,736	1-65	135,811	2-29	*38,074	*0-64
11 Months to February 28, 1948.....	359,655		0-75		746,499	1-57	1,387,189	2-92	*640,690	*1-35
	60,417		0-93		334,494	5-17	170,992	2-64	103,502	2-53

* Loss.

STATEMENT No. 5

SILVERWOOD DAIRIES, LIMITED

BUTTER OPERATIONS

A	B	C		D	E	F	G	H	I
		Sales							
Period	Pounds	Value		Average per lb.	Cost	Purchasing expense	Production expense	Total cost of sales	Average per lb.
		\$	cts.	\$	\$	\$	\$	\$	cts.
1947—	January.....	577,181	242,884	42.08	215,322	4,638	14,913	234,874	40.69
	February.....	598,242	244,004	40.79	220,017	4,316	13,361	237,694	39.73
	March.....	567,234	247,969	43.71	219,890	4,893	14,612	239,395	42.20
	Total 3 months.....	1,742,657	734,857	42.17	655,229	13,847	42,886	711,963	40.86
1947—	April.....	617,009	261,923	42.45	227,147	4,944	15,715	247,806	40.16
	May.....	548,892	237,146	51.68	194,816	6,475	15,977	217,268	47.35
	June.....	577,624	296,120	50.41	234,516	8,655	17,834	261,004	45.24
	July.....	543,864	292,209	53.72	232,396	10,517	18,555	261,468	48.05
1947—	August.....	686,347	390,082	56.83	310,437	7,747	20,949	339,132	49.41
	September.....	597,595	374,256	62.62	312,856	7,043	20,690	340,590	56.99
	October.....	629,672	385,075	61.15	331,978	10,188	22,109	364,275	57.85
	November.....	616,131	372,561	60.47	300,996	5,116	21,302	327,414	53.14
1948—	December.....	668,853	449,153	67.15	353,168	4,838	21,909	379,916	56.80
	January.....	560,034	391,117	69.84	326,075	4,607	19,496	350,178	62.53
	February.....	514,177	353,831	63.81	298,462	4,004	17,043	319,510	62.14
	11 Months.....	6,470,198	3,803,473	58.78	3,122,847	74,134	211,579	3,408,562	52.68

BUTTER OPERATIONS

PRICES

1523

A	J	K	L	M	N	O	P	Q
Period	Selling expense	Average per lb.	Operating profit	Average per lb.	Indirect expense	Average per lb.	Net profit	Average per lb.
	\$	cts.	\$	cts.	\$	cts.	\$	cts.
1947—January.....	4,582	0.79	3,428	0.59	14,371	2.49	-10,943	-1.90
February.....	4,360	0.73	1,950	0.33	14,844	2.48	-12,894	-2.16
March.....	4,786	0.84	3,788	0.67	11,662	2.06	-7,874	-1.39
Total—3 months.....	13,728	0.79	9,166	0.53	40,877	2.34	-31,711	-1.82
1947—April.....	5,096	0.83	9,026	1.46	13,592	2.20	-4,566	-0.74
May.....	4,619	1.01	15,259	3.32	14,005	3.05	1,254	0.27
June.....	4,786	0.83	30,329	5.25	12,521	2.17	17,809	3.08
July.....	5,741	1.06	24,999	4.60	15,498	2.85	9,502	1.75
August.....	7,326	1.07	43,624	6.36	16,395	2.39	27,229	3.97
September.....	5,327	0.89	28,340	4.74	17,556	2.94	10,783	1.80
October.....	5,457	0.87	15,343	2.44	15,134	2.40	209	0.03
November.....	5,688	0.92	39,459	6.40	15,669	2.54	23,789	3.86
December.....	6,338	0.95	62,899	9.40	18,274	2.73	44,625	6.67
1948—January.....	5,413	0.97	35,526	6.34	15,496	2.76	20,030	3.53
February.....	4,631	0.90	29,690	5.77	16,852	3.27	12,838	2.50
	60,417	0.93	334,494	5.17	170,992	2.64	163,502	2.53

Indirect expenses 19 branches and Head Office (distributed over departments on a unit basis.)

This includes—Depreciation, management and administration salaries, past and future service pensions, stationery and office expense, telephone and telegraph, postage and express, legal and audit fees, rent, insurance, taxes, group insurance, workmen's compensation, unemployment insurance, indirect advertising, donations, plant supervision, sales supervision, bond interest, special plant upkeep, etc.

STATEMENT No. 6

SILVERWOOD DAIRIES, LIMITED

BUTTER OPERATIONS

A	B	C	D	E	F	G	H	I	J
Fiscal Year ending March 31st.	Creamery Dept.			Current Butter			Storage Butter		
	Total production	Trading profit	Average per pound	Total sales	Trading profit	Average per pound	Total sales	Trading profit	Average per pound
	lbs.	\$	cts.	lbs.	\$	cts.	lbs.	\$	cts.
1939.....	4,521,828	30,595	0-68	3,759,268	-12,695	-0-34	929,888	-40,888	-4-39
1940.....	4,282,497	36,012	-0-84	4,029,900	4,241	0-11	430,991	15,846	3-68
1941.....	4,372,495	45,196	1-06	4,055,299	7,778	0-19	563,174	41,547	7-38
1942.....	4,046,477	66,907	1-65	3,918,749	9,614	0-24	628,550	293	0-05
1943.....	3,627,113	48,747	1-34	3,332,322	11,193	0-34	359,942	4,377	1-22
1944.....	4,716,666	57,326	1-22	4,832,153	11,539	0-24	1,472,360	3,544	0-24
1945.....	4,620,106	46,325	1-003	4,598,358	18,173	0-40	956,378	2,115	0-22
1946.....	4,460,350	61,550	1-38	4,562,016	28,590	0-63	982,669	4,570	0-46
1947.....	4,060,434	58,268	1-43	4,150,692	26,630	0-64	1,150,699	-1,555	-0-14
Total.....	38,707,966	451,926	1-17	37,238,757	105,063	0-282	7,474,651	29,869	0-40
11 Months to Feb. 28, 1948....	4,129,489	131,090	3-17	4,660,677	52,132	1-13	1,137,556	129,806	11-41

SILVERWOOD DAIRIES, LIMITED

BUTTER OPERATIONS

PRICES

1525

A	K	L	M	N	O	P	Q	R	S
Fiscal Year ending March 31st.	Milk Wagon Butter			Total sales	Total Butter		Indirect expense	Net profit or loss	Average net profit or loss
	Total sales	Trading profit	Average per pound		Trading profit	Average per pound			
	Lbs.	\$	cts.							$	cts.
1939.....	976,632	20,323	2.08	4,735,900	-2,645	-0.05	195,849	*198,495	*4.19
1940.....	985,626	18,155	1.84	5,015,526	74,253	1.48	168,569	*94,315	*1.88
1941.....	931,026	14,732	1.58	4,986,325	110,254	2.21	164,534	*54,280	*1.09
1942.....	881,461	12,798	1.45	4,800,210	89,612	1.87	155,954	*66,343	*1.38
1943.....	826,374	12,598	1.52	4,158,696	76,916	1.85	133,660	*56,745	*1.36
1944.....	1,090,085	18,772	1.72	5,922,238	91,181	1.54	148,182	*57,002	*0.96
1945.....	1,249,554	19,608	1.57	5,847,912	86,221	1.47	134,098	*47,876	*0.82
1946.....	1,659,386	28,262	1.70	6,221,402	122,971	1.98	150,532	*27,560	*0.44
1947.....	1,771,617	14,393	0.81	5,922,309	97,736	1.65	135,811	*38,074	*0.64
Total.....	10,371,761	159,641	1.54	47,610,518	746,499	1.57	1,387,189	*640,690	*1.35
11 Months to Feb. 28, 1948.....	1,809,521	21,466	1.19	6,470,198	334,494	5.17	170,992	163,502	2.53

* Loss.

Mr. MONET: There are copies for all members of the committee which will be distributed immediately. You have also supplied the secretariat and counsel with your consolidated balance sheet?

Mr. SILVERWOOD: That is right.

Mr. MONET: I understand that is not to be printed. It will be filed as Exhibit No. 72.

EXHIBIT No. 72: Consolidated balance sheet of Silverwood Dairies Limited. (Filed).

Mr. MONET: There is a copy for each member of the committee.

Mr. HOMUTH: This is a public company?

Mr. MONET: Yes. Will you also distribute to the members of the committee the memorandum which is going to be read by Mr. Silverwood?

The CHAIRMAN: All right.

Mr. MONET: Before Mr. Silverwood is called on to read the memorandum which he has prepared and submitted to me I understand that Mr. Duplan, who is the president of the National Dairy Council of Canada, has prepared a statement which he has submitted to counsel, and which he wishes to present to the members of the committee on behalf of the National Dairy Council of Canada. I think it would give some useful information to the members of the committee. I think Mr. Duplan should be allowed to read the statement in his capacity as president of the National Dairy Council.

Mr. HOMUTH: Are copies available?

Mr. MONET: Copies are available.

The CHAIRMAN: Should we not take one thing at a time? Should we not deal with Mr. Silverwood first and then proceed with Mr. Duplan in his capacity as president of the National Dairy Council?

Mr. MONET: It is because Mr. Duplan's memorandum will be all by itself, and then Mr. Silverwood will be questioned on his memorandum.

Mr. HOMUTH: There will be no questioning of Mr. Duplan?

Mr. MONET: Probably one or two questions of Mr. Duplan on his general memorandum. That is why I think it might be better for Mr. Duplan to read his memorandum.

Mr. HOMUTH: There may be matters in that statement of Mr. Duplan on which members of the committee would like to question him. I think it might be well if his brief was delivered to the members of the committee so that we might have a chance to read it over before he submits it. Then we would have a chance to question him tomorrow on his submission.

Mr. MONET: That is perfectly all right with me.

Mr. HOMUTH: If we have it delivered to us now then we can read it over, and perhaps tomorrow when he reads it we will have had the opportunity of having some knowledge of it and can then question him on it.

Mr. MONET: That is perfectly all right.

The CHAIRMAN: Agreed.

Mr. MONET: You will also distribute this statement prepared by Mr. Duplan to the members of the committee.

Mr. IRVINE: Which one is this we have here?

Mr. MONET: This is Silverwood Dairies.

Mr. IRVINE: And who is this statement to be presented by?

Mr. MONET: It will be presented by Mr. Silverwood. He is going to read it now.

The CHAIRMAN: Mr. Duplan is the executive vice president. I thought these statements should not be mixed up; that we would deal with Silverwood Dairies first.

Mr. MONET: Now, Mr. Silverwood, will you please proceed with the brief which you have prepared.

Mr. SILVERWOOD:

The Honourable Paul Martin
and

Members of the Special Committee on Prices,
Ottawa, Canada.

Honourable Sir and Gentlemen: In the matter of your butter price inquiry we desire to submit the following information in response to your notice of our company representation.

Our Company—History

The origin or history of our company dates from 1903 with Mr. A. E. Silverwood as Manager for the Western Ontario Branch of Flavelle Bros., General Produce Dealers; in 1909 incorporated as Flavelle Silverwood Limited; in 1912 changed to Silverwood's Limited. On June 14, 1928, Silverwood's Dairies Limited was incorporated as a holding company to acquire the controlling interest of Silverwood's Limited and other Silverwood Companies, with Mr. A. E. Silverwood, President. In 1936 the company name was changed to Silverwood Dairies, Limited, in 1947 Mr. A. E. Silverwood was elected Chairman of the Board of Directors and Mr. E. G. Silverwood, President.

Our Company—Locations

Our company operations extend into fifteen cities and eleven towns and villages in the province of Ontario as detailed on the attached memorandum by locations. Fifteen of these plants manufacture butter and all plants except Sudbury either supply other unit plants or distribute through the retail trade, or by milk route delivery to the consumer direct.

The next paragraph has to do with the basis of churning cream purchases.

As to Butterfat Price.—Our company price for cream is based on No. 1 grade delivered the plant with a premium of one (1c) cent per pound butterfat for special cream and five (5c) cents per lb. butterfat below No. 1 grade for second grade. The market price for No. 1 solids creamery butter is the basic factor that determines the price of cream as well as the factor of competition.

The Storage of Butter

Butter is a commodity of special characteristics. Three-quarters of the annual production in Canada takes place in seven months of the year, namely, April to October inclusive and one-quarter is produced in five months—November to March inclusive. Our company adopted some twelve months ago a definite policy in the storage of butter to meet our sales or consumer requirements. As a general rule in months of April to October inclusive the production of butter in our plant is equal to or in excess of

the sales requirement and the surplus of No. 1 butter is placed in storage. A review is frequently made of our total storage holdings and if these holdings plus the estimated production are inadequate to meet our sales requirement for the period of October 15 to March 30 inclusive further purchases for storage of No. 1 grade butter are made from the general market. It is required about October 15 that withdrawals of storage butter be made to assist in meeting the sale requirement. These withdrawals from storage are made monthly, as required, to meet our sales requirement, in order that a service of guaranteed quality and quantity to our regular clientele of customers may be assured. Our company has not practised the storing or buying of butter for speculation or have our holdings and/or purchases been in excess of our actual sales requirement.

Butter Price to Retail Trade (We mean by that particular expression, groceries, butchers, restaurants and so on).

The selling price to the retail and store trade for No. 1 grade butter in one pound prints is two (2c.) cents per pound over No. 1 grade butter solids to cover the cost of printing, wrapping and delivery.

Butter Price to Consumer

The selling price to the customer by milk route delivery is three (3c.) cents per pound over the price to the retail and store trade. This margin cares for one (1c.) cent per pound commission to milk route men and one (1c.) cent per pound for the carton. The other one (1c.) cent to cover other costs of distribution.

Rise in Butter Prices

Subsequent to decontrol in early June, 1947 the market price was comparatively inactive for two months dating from June, 1947, due to:

- (a) A lack of storage space,
- (b) The uncertainty of production versus decontrolled and increased consumption.

In early August, 1947 and for certain months thereafter a marked increase in prices was evident due to basic factors beyond the control of the industry:

- (a) A definite increase in consumption without a relative increase in production.
- (b) The assurance of adequate storage space.
- (c) The evidence of a shortage of feed grains.
- (d) The anticipated withdrawal of government subsidy on feed to make for increased cost of production.
- (e) The relative value of butter to cheese to fluid milk and concentrated milk prices.

The advance in butter prices was temporarily retarded in October, 1947 due to the uncertainty of government policy as to imports of butter or reimposition of ceiling prices.

The quantity in storage was not abnormal. Any stocks acquired were in accordance with an established practice to care for consumer requirement during the subsequent months of low production. Obviously it would not be logical to sell or market storage stocks of butter at a price in variance with the prevailing market values.

Mr. HOMUTH: I wonder if I might just at this point ask the witness, did he have abnormal stocks of butter?

Mr. SILVERWOOD: No.

Volumes and Results of Butter Operations

Our company butter operations volume represents only 12·66 per cent of the total dollar sales volume of our company business.

That is based on the fiscal year ending March 31, 1947.

Our company butter operations as from the year 1939 show, as per statements attached, a "Net Loss". This nine year period of 1939 to 1947 shows a loss of 1·35 cents per pound. The greater portion of this period was under a controlled price. The price control was removed in early June, 1947 and in line with the general advance in prices of dairy products and other conditions beyond the control of the industry butter prices advanced to make for an unusual and an abnormal profit. The eleven month period of March, 1947, that is April 1, 1947, to February, 1948 shows, as per our statement, 2·53 cents per pound net profit (before tax). In the final analysis, therefore, the overall review is that the period of fiscal years 1939 to 1947 and eleven months of April, 1947 to February, 1948 show a result of ·88 cents per pound net loss before tax.

We have supplied your committee with statements of information to comply with your questionnaire consistent with our accounting records. Should any additional information be required we will endeavour to supply same.

SILVERWOOD DAIRIES, LIMITED
E. G. SILVERWOOD,
President.

Mr. SILVERWOOD: I might say that we have had certain supplementary information to the brief which I will not attempt to read but I thought it might be useful. You may already have it, possibly.

SILVERWOOD DAIRIES, LIMITED

Branch plants in Ontario	Butter mfg.	Butter sale	Cold Storage or lockers	Produce eggs and poultry sale	Cheese mfg. and sale	Milk mfg. and sale	Ice mfg. and sale	Retail milk processing and sale	Ice cream mfg.	Ice cream sale
Brantford.....	x	x						x		x
Chatham.....	x	x	x	x				x		x
Cayuga.....	x	x		x		x				
Cargill.....	x	x	x	x						
Elmira.....	x	x								
Guelph.....	x	x					x			
Hamilton.....	x	x		x				x		
Kitchener.....	x	x	x	x	x			x	x	
London.....	x	x	x	x				x	x	
Lucknow.....	x	x	x	x						
North Bay.....		x				x	x	x	x	
Peterboro.....	x	x		x	x			x	x	
Stratford.....	x	x		x				x		
Sarnia.....	x	x		x				x		
St. Catharines.....	x	x		x						
Sudbury.....		x								
Toronto.....	x	x		x				x	x	
Windsor.....	x	x								
Woodstock.....						x		x		
SUBSIDIARY COMPANY (Under Head Office Management)								x		
Lindsay and Pt. Perry.....	x	x	x	x	x			x		
	15	19	7	12	3	5	3	15	7	16

CREAM AND PRODUCE BUYING DEPOTS

In Ontario—Thamesville, Melbourne, Zurich, Neustadt and Uxbridge

SUBSIDIARY COMPANY (Under separate Management)

Silverwood Western Dairies Limited

SUPPLEMENTARY INFORMATION

FEDERAL GRADING OF BUTTER, DAIRY INDUSTRY ACT, JANUARY 26, 1942

In grading creamery butter, graders shall be governed by the following standards and definitions:—

STANDARDS FOR GRADES OF CREAMERY BUTTER

1. *Scale of Points for Scoring Butter*

Flavour	45 points
Texture	15 points
Incorporation of Moisture	10 points
Colour	10 points
Salting	10 points
Packing	10 points
Total.....	100 points

2. *Scores and Definitions for Grades of Butter*

(a) First grade butter

Total score, **92 and over**—minimum score for flavour, 39.

Clean, or slight lack of flavour.

Slightly weak, or slightly open, or slightly sticky, or slightly brittle.

Some free clear moisture (not leaky).

Practically true and even, no objectionable defects.

Must be all dissolved and not over 2 per cent salt, unless the butter is destined for a purchaser who requests over 2 per cent salt. First grade certificates issued for butter containing more than 2 per cent salt shall bear the following notation: "As the butter for which this certificate is issued contains more than 2 per cent salt and is represented as being for a trade requiring more than 2 per cent salt, a first grade certificate has been issued. This certificate is not valid for sale of the butter for either export or domestic trade except to a purchaser requesting a salt content of more than 2 per cent."

Clean, new boxes, complying with specifications provided under these regulations; the insides of boxes and covers shall be well coated or treated with paraffin or some other preparation approved by the department; boxes shall be doubly lined with parchment paper of good quality not less than forty-nine (49) inches in length and twelve and three-quarters ($12\frac{3}{4}$) inches in width, and of a minimum weight of forty (40) pounds per ream, or lined with some other material approved by the department; butter solidly packed; full weight and neatly finished.

Registered number, churning number, and date of manufacture to be neatly and legibly marked on boxes.

(b) Second grade butter

Total score, **87 and under 92**—minimum score for flavour, 37.

Not clean, slightly weedy, excluding French weed or other pronounced weedy flavours, slightly stale, or stale, or sour, or pronounced woody or other objectionable flavours on the surface or in the butter.

Weak, or open, or salty, or greasy, or brittle, or sticky.

Leaky.

Slightly mottled or mottled, slightly streaky or streaky, or uneven, or objectionable shade.

Pronounced salty or bitter taste or undissolved salt, or over 2 per cent, excepting in cases as provided for under first grade standards.

Second-hand boxes or rough, poorly made or dirty boxes, only one ply of parchment paper or two ply of parchment paper of inferior quality, or parchment paper less than forty-nine (49) inches in length or twelve and three-quarters ($12\frac{3}{4}$) inches in width, or of a weight less than forty pounds per ream, or lined with some other material not approved by the department; poor finish or uneven weights.

Registered number, churning number, or date of manufacture carelessly or illegibly marked on boxes.

(c) Third grade butter

Total score, under 87—score for flavour, under 37, unless "below third grade."

Very stale, or very sour, or fishy, or very unclean, or very metallic, or very yeasty, or very musty, or very cheesy, or very fruity or rancid, or pronounced weedy flavours, but excluding French weed or similar types of flavours, or other objectionable flavours on the surface or in the butter which are too pronounced for second grade butter.

Very weak, or anything inferior to second grade.

Milky moisture.

Very mottled, very streaky, or very uneven.

Exceedingly heavy.

Very dirty boxes or no parchment paper, or very poor finish, or dirty unclean surfaces.

(d) Below third grade butter

No score given.

Any very objectionable flavour such as very rancid, surface taint, or French weed, or other strong weedy flavours which are comparable with French weed, or garlic, or onions, or gasoline, or kerosene.

"Below third grade butter" shall also mean and include any butter where dirt of foreign matter of any kind is found in or on the butter; also any butter on which mold has appeared either on the butter itself or on the parchment paper lining of the package as well as any butter otherwise inferior to third grade.

Basis of Churning Cream Purchases (Dairy Products Act—Ont. 1938)

As to Grade:—Purchases of churning cream are made direct from producers and weighed, graded and tested at a plant licensed by The Provincial Department of Agriculture.

Samples are taken from each can within two hours and tested for butter-fat within thirty-six hours after delivery to the plant.

Sufficient quantity of cream is taken for at least three tests and is kept in a cool place until 2 p.m. on the day following the testing, provided that samples tested on Saturday shall be kept until 2 p.m. on Monday following.

Cream purchased for butter making is graded at the plant where it is made into butter and the grades are as follows: .

(a) Special grade cream shall mean any lot of cream which is clean and untainted in flavour and of uniform consistency and its acidity shall not exceed twenty-five one-hundredths of one per centum (.25%) at the time of being graded and the fat content shall not be less than twenty-eight per centum (28%).

(b) First grade cream shall mean any lot of cream, clean in flavour and uniform consistency with an acidity of not more than sixty-one hundredths of one per centum (.60%) at the time of being graded.

(c) Second grade cream shall mean any lot of cream that does not meet the requirement of first grade and its acidity shall not exceed eighty one-hundredths of one per centum (.80%) at time of being graded.

(d) Off grade cream shall mean any lot of cream that has an acidity of more than eighty one-hundredths of one per centum (.80%) or cream that has a very objectionable flavour or cream in which any unsanitary or foreign substance is found and such cream shall not be used in the manufacture of creamery butter.

(e) Off grade cream received at a plant shall be coloured distinctly with a harmless colouring and returned to the patron at his expense or disposed of in some manner other than into creamery butter.

As to government subsidy on butterfat:—Effective July 6, 1942 through to December 20, 1942, a subsidy of six (6c) cents per pound butterfat was paid to producers under W.P.T.B.

From December 21, 1942 through to April 30, 1943 the subsidy was ten (10c) cents per pound butterfat under W.P.T.B.

From May 1, 1943 through to December 31, 1943 the subsidy was eight (8c) cents per pound butterfat under A.F.B. P.C. 2709, dated April 2, 1943.

From January 1, 1944 through to April 30, 1944 the subsidy was ten (10c) cents per pound butterfat under A.F.B. P.C. 2709, dated April 2, 1943.

From May 1, 1944 to April 30, 1945 the subsidy was ten (10c) cents per pound butterfat under A.F.B. P.C. 1082, dated February 24, 1944.

From May 1, 1945 through to April 30, 1946 the subsidy was ten (10c) cents per pound butterfat under A.F.B. P.C. 6-1731, dated March 14, 1945.

From May 1, 1946 through to April 30, 1947 the subsidy continued at ten (10c) cents per pound butterfat and was annuled as of May 1, 1947 and butter was decontrolled and left to find its own level on the market.

Butter Production—In Canada

The 1943 production of creamery butter increased over 1942 by some twenty-seven million pounds. In 1944 to 1946 a decline was experienced. Under government policy milk to a marked degree was diverted to cheese and concentrated products for export and to fluid milk and sweet cream to care for increased domestic demand. In June, 1947 price control was removed and production increased temporarily. The domestic market will require all the butter produced in 1948. The adjustment in production following the removal of rationing subsidies and controls will take time and until accomplished the supply will be short of the demand.

Butter Consumption in Canada

The per capita consumption in Canada for the years 1940 to 1942 was 32 pounds and for some years prior thereto was 30 pounds. Were the consumption to reach the 1940-42 level we would require fifty million pounds in excess of 1947 production. The present day consumption is estimated to be 28 pounds or more.

Maximum Butter Prices

1. From December 21, 1942, W.P.T.B. order No. 221, first grade butter maximum prices per pound, in solids, were Maritime 36c; Ontario and Quebec 35; British Columbia 34½c; Alberta and Manitoba 33c; Saskatchewan 32½c.

2. From May 1, 1945, W.P.T.B. order No. 1563, an advance of one cent (1c) per pound.

3. From April 1, 1946, W.P.T.B. order No. 1930 an advance of four cents (4c) per pound.

4. From May 1, 1947, W.P.T.B. order No. 2345 an advance of ten cents (10c) per pound.

5. As of June 9, 1947, this price was annuled and butter rationing was annulled as from June 6, 1947.

Mr. HOMUTH: Mr. Chairman, might counsel ask him the ramifications of the business, parts of Canada it fits and so on?

The CHAIRMAN: Yes, that will be attended to. All right, Mr. Monet.

Mr. MONET: Now, Mr. Silverwood, I have a few questions to ask you which will deal with this memorandum just as well as with the other information which has been requested from you and which you have supplied. Would you first tell the members of the committee if there are any subsidiary companies?

Mr. SILVERWOOD: We have two subsidiary companies, one in Lindsay—I might say we have included the figures for our Lindsay operation in these figures that you have requested.

Mr. MONET: Yes, but before you answer that way just tell the members of the committee whether there are any subsidiaries?

Mr. SILVERWOOD: There are two subsidiary companies, the company at Lindsay and a company in Western Canada, Silverwood Western Dairies Limited.

Mr. IRVINE: What is that, and where is that located?

Mr. SILVERWOOD: The head office of the western company is at Winnipeg and we have four plants; one at Winnipeg, one at Regina, one at Saskatoon and one at Edmonton.

Mr. IRVINE: And you call them?

Mr. SILVERWOOD: That is Silverwood Western Dairies Limited.

Mr. MONET: I understand that the Lindsay company has been incorporated for the purposes of this investigation and the information requested from you is supplied in the document which has been filed as exhibit No. 72. What about the western company?

Mr. SILVERWOOD: The western company figures were not included for the reason that the western company is under a separate management whereas the Lindsay company is under the management of our head office in London; and when we were asked for this information we had as a matter of fact very little time to prepare it, it kept us working pretty nearly night and day to get this information pertaining to our own company in Ontario, and we have not the information regarding the western company with us.

Mr. MONET: However, the western company is owned by you?

Mr. SILVERWOOD: We own over 99 per cent of the common stock of the western company.

Mr. MONET: And the information which you are supplying members of the committee here does not contain any—

Mr. SILVERWOOD: Any reference to the western company whatever.

Mr. MONET: Now, Mr. Silverwood, I see that in your memorandum you include a schedule of the branch plants in Ontario?

Mr. SILVERWOOD: That is right.

Mr. MONET: And all the places listed I understand are points at which the company operate plants?

Mr. SILVERWOOD: Yes.

Mr. MONET: Are they all manufacturing butter in these plants or not?

Mr. SILVERWOOD: No. The plants which are manufacturing butter are so indicated in the second column under butter manufacturing. All the plants which have an X opposite them under butter manufacturing are manufacturing butter.

Mr. MONET: So I take it that it would be right to say that there is only one subsidiary plant which does not manufacture butter?

Mr. SILVERWOOD: No, Guelph does not manufacture butter, either does Hamilton, North Bay, Sudbury, Woodstock—

Mr. IRVINE: Pretty near all of them sell butter?

Mr. SILVERWOOD: All expect Sudbury; and the reason for that is that we sell off milk wagons.

Mr. HOMUTH: Do you manufacture butter in Kitchener to sell?

Mr. SILVERWOOD: A very small amount.

The CHAIRMAN: That is in your constituency, is it not?

Mr. HOMUTH: No, it is not in my constituency. I was interested because I did not think they did.

Mr. SILVERWOOD: We included all points that have manufactured butter any time during the past year. One or two of these places have discontinued manufacturing butter since the beginning of our fiscal year.

Mr. MONET: In other words, they may not be actively—

Mr. SILVERWOOD: —may not be actively manufacturing at this moment.

Mr. MONET: Do I understand that your company is also interested in manufacturing products other than butter?

Mr. SILVERWOOD: Yes.

Mr. MONET: Would you please enumerate for us the other products you manufacture?

Mr. SILVERWOOD: We manufacture ice cream and we distribute milk, fluid milk; we are in the produce business, we handle poultry, eggs, melange; we operate a couple of breaking plants for eggs; we manufacture milk products such as condensed milk and milk powdered.

The CHAIRMAN: What is melange?

Mr. SILVERWOOD: Melange is broken eggs other than egg yolks.

The CHAIRMAN: Melange. M-E-L-A-N-G-E.

Mr. HOMUTH: Melange. Either talk English or French to us so we will understand.

The CHAIRMAN: That is the trouble, he was not French.

Mr. HOMUTH: If he had said it in French we might have understood it.

Mr. LESAGE: You produce cheese too, do you not?

Mr. SILVERWOOD: We make a very small amount of cheese but not enough to be of much account. We have two small cheese factories one of which we have not operated this year as a cheese plant.

Mr. LESAGE: Are they combined—butter and cheese?

Mr. SILVERWOOD: No, they are just cheese.

Mr. MONET: Now what is the proportion of your manufacture of butter to the general business of your company?

Mr. SILVERWOOD: As I stated in the brief our sales volume represents 12·66 per cent for the year ending March 31, 1947.

Mr. MONET: For the year 1947 the figure is 12·6 per cent?

Mr. SILVERWOOD: Yes, that is right, as compared to our sales volume.

Mr. MONET: Butter would be 12·6 per cent of your total sales volume?

Mr. SILVERWOOD: Yes.

Mr. MONET: Now, Mr. Silverwood, in your brief you speak of the shortage of butter. Would you tell the members of the committee whether you have your own plant for the storage of butter or whether you have to rent accommodation?

Mr. SILVERWOOD: We store most of our butter in our own place. In the past eleven months we have stored about 12 per cent of our total butter in outside plants.

Mr. MONET: Do you store any outside butter in your own plants, or do you use the plant for your company use only?

Mr. SILVERWOOD: May I correct my last statement. For the past eleven months outside storage amounted to 10½ per cent of our total holdings.

Mr. MONET: Outside?

Mr. SILVERWOOD: Yes.

Mr. MONET: The difference would be stored in your own plants?

Mr. SILVERWOOD: The balance, 89½ per cent, is stored in our own storage.

Mr. IRVINE: Do you mean you have had more butter to store in the last ten months and that you could not accommodate your own stock?

Mr. SILVERWOOD: Not necessarily, no. We operate a public cold storage as well as using the storage for our own purposes.

Mr. MONET: Did you store any butter not belonging to your company during the months you have just referred to?

Mr. SILVERWOOD: Yes, we did but we have not included those figures in our statement. We have stored butter acting as a public cold storage for other companies.

Mr. MONET: Can you tell the members of the committee the quantity of butter you have stored for other companies?

Mr. SILVERWOOD: No, I have not got that information.

Mr. MONET: How do you account for storing butter for other companies when you do not have enough accommodation for your own butter?

Mr. SILVERWOOD: We have regular customers with whom we have been doing business for many years and the actual quantities would be very small in relation to the total capacity of our storage.

Mr. MONET: Could you give us the quantities?

Mr. SILVERWOOD: Yes, we could get that.

Mr. MONET: You could get the quantities stored for other people?

Mr. SILVERWOOD: Surely, we could get that information. Would you like us to get it?

Mr. MONET: If you would?

Mr. SILVERWOOD: We can get it.

The CHAIRMAN: Order, there is too much noise in this committee room.

Mr. MONET: What determines the quantity of butter you store?

Mr. SILVERWOOD: We determine the amount we store by way of an estimate of our sales requirements for the winter months—for the off season of the year. As I stated in the brief we manufacture quite a lot of butter but in addition we have to buy butter and do buy butter practically every month.

Mr. MONET: What proportion of your butter distribution do you manufacture and what proportion do you have to buy?

Mr. SILVERWOOD: I can give you that, I think. For the past eleven months we made 63·8 per cent of our total sales of butter and we purchased 36·2 per

cent. For the nine years from 1939 to March 31, 1947, we made 81.3 per cent and we purchased 18.7 per cent.

Mr. MONET: Now the butter you buy—do you sell it to the wholesaler or do you sell it to your regular customers?

Mr. SILVERWOOD: No, we sell it all to our regular customers. We do not sell butter in carload lots if that is what you are referring to. In every city where we are operating we have regular deliveries to stores, restaurants, and butcher shops, and then in addition we sell a portion of our butter from our milk wagons.

Mr. MONET: So that in relation to your sales of butter your company has the same policy for the butter which you manufacture and the butter which you buy?

Mr. SILVERWOOD: Quite right. The butter we buy just supplements what we make. We cannot make enough to take care of our regular trade without buying.

Mr. MONET: What would you mean by your regular trade?

Mr. SILVERWOOD: Our regular trade would be in the main grocery stores, butcher shops, and restaurants in each of those cities in which we operate.

Mr. MONET: Do you sell any butter to wholesalers?

Mr. SILVERWOOD: I do not understand you?

Mr. MONET: Do you sell any to people who would store the butter and then sell it to retailers?

Mr. SILVERWOOD: No.

Mr. MONET: You sell it to retailers and direct to consumers?

Mr. SILVERWOOD: We sell practically all of it to our own trade. It would be very rare indeed—and the only occasion where we might sell butter to wholesalers would be where we had perhaps overestimated our requirements and found that we had more butter on hand than we required. In that case we might possibly sell butter but it is not a very usual procedure.

Mr. MONET: Has it happened in the last eleven months that you have overestimated your requirements?

Mr. SILVERWOOD: I think we sold one lot of butter from our Lindsay plant about last December because we felt that we had more butter than we needed.

Mr. MONET: When was that again?

Mr. SILVERWOOD: In December.

Mr. MONET: You sold some butter?

Mr. SILVERWOOD: We sold some butter, yes.

Mr. MONET: Would you know the quantity?

Mr. SILVERWOOD: No, I do not.

Mr. MONET: Could you get that figure for the members of the committee?

Mr. SILVERWOOD: Yes, we can get it.

Mr. MONET: Was that the only occasion?

Mr. SILVERWOOD: Yes, that is the only time.

Mr. MONET: Did you at any time sell butter to the commodity exchange?

Mr. SILVERWOOD: No.

Mr. MONET: Through the commodity exchange?

Mr. SILVERWOOD: No.

Mr. MONET: You never did?

Mr. SILVERWOOD: No.

Mr. MONET: Now, Mr. Silverwood, coming to the production of butter itself, would you tell the members of the committee the basis which you used in setting

your price for butterfat? You have referred to that phase in the memorandum and I would like you to give the members of the committee some information as to your method of fixing the price for butterfat?

Mr. SILVERWOOD: There is no definite uniform price set for butterfat in the butter business. The butterfat price is actually based on the solids market in Toronto and Montreal. In our case we usually refer to the Toronto market because we are operating only in Ontario. That is the basic factor but the matter of competition enters it and we find different prices paid for butterfat in different parts of the province.

Mr. IRVINE: How do you distinguish between competition and the market?

Mr. SILVERWOOD: The market has to do with butter—the selling price for butter—and there is no market price for fat. The basic factor in setting the fat price is the butter market. Actually the fat price may vary and it does vary considerably from one section of the province to another.

Mr. MONET: That is a feature I would like you to explain. What would make the price vary? Would you give the factors that make the price vary because I think it is very valuable information for the members of the committee.

Mr. SILVERWOOD: Well I think competitive factors can make it vary.

Mr. MONET: Competition between the creameries?

Mr. SILVERWOOD: Yes, competition between the creameries.

Mr. MONET: And would there be any other factors? Would the price fixed by the different control boards have any effect?

Mr. SILVERWOOD: Well there is no price fixed as far as butterfat is concerned.

Mr. MONET: No, but was there not a price fixed for milk?

Mr. SILVERWOOD: Yes.

Mr. MONET: Would that be an influence?

Mr. SILVERWOOD: I do not think so, no. If the producer is selling his cream to a creamery he cannot switch over to a fluid milk market just because the price is better. As a matter of fact the price is always better on the fluid milk.

Mr. MONET: You are a man who can tell us these things and I am trying to find out the factors which produce an influence on price variation.

Mr. SILVERWOOD: In certain parts of the province where cheese and butter are manufactured in the same factory, and where you have a combined operation of cheese and butter, the price of butterfat might influence the production of butter. I mean they might switch over from cheese to butter if the price of fat was better than the return on the milk itself.

Mr. MONET: You mean to say that cheese production might influence the price for butterfat?

Mr. SILVERWOOD: Well it would influence production but I do not know whether it would influence the price.

Mr. MONET: If it did influence production would it not influence price? From what has been said here the law of supply and demand would play a great part in the price.

Mr. SILVERWOOD: I do not think it would be of sufficient importance to actually influence the price of fat.

Mr. MONET: Well that is what we would like to know and you are the man who can tell us. Some witnesses have said here that the cheese and butter operation has a lot to do with determining the price for butterfat. I would like to know whether you agree with that statement or not?

Mr. SILVERWOOD: I agree to the point that if the farmer can make more money from his milk by selling it to a cheese factory than he can by selling it to a creamery—

Mr. MONET: —he will sell it to the cheese factory?

Mr. SILVERWOOD: If that price is maintained over a sufficiently long period, there being an advantage, he will sell his milk for cheese. Such action would influence the amount of butter made but I would not say that it would necessarily influence the price of butterfat.

Mr. LESAGE: It could?

Mr. MONET: In your experience as president of your company, when it comes to determining the price for butterfat do you think the cheese operation has anything to do with the increase you were called upon to pay for butterfat?

Mr. SILVERWOOD: No, I would not think so.

Mr. MONET: I see.

Mr. LESAGE: May I ask a question?

Mr. MONET: Yes.

Mr. LESAGE: Suppose you have two factories which are linked, one is a butter factory and the other is a cheese factory. If the price for cheese is more attractive to the farmer, and if that situation is general in a province or across Canada, is it not normal that the creamery will increase the price paid for butterfat in order to meet the competition with the cheese factory?

Mr. SILVERWOOD: Well that perhaps might be an influence to some extent.

Mr. LESAGE: Yes, and I do not say it is a main factor but it is one factor that has to be considered.

Mr. SILVERWOOD: I do not think that any factory would be likely to sit back and lose its milk supply or cream supply to a great extent, through local competition, without doing something to meet that competition. That factory would try to meet the competition.

Mr. LESAGE: And to meet that competition they would have to increase the return to the farmer for his butterfat?

Mr. SILVERWOOD: That is right.

Mr. LESAGE: And if that situation is general over a province or all over Canada it would be a factor that would have to be considered?

The CHAIRMAN: Well perhaps counsel could carry on his questioning?

Mr. MONET: It is satisfactory to me to have Mr. Lesage continue on this line of questioning.

Mr. LESAGE: It is exactly the same line of questioning but it is somewhat supplementary.

Mr. CLEAVER: Mr. Monet, would you care to ask the witness to what extent there is a fluctuation, or what makes the fluctuation, between the relative selling price of butterfat and the relative selling price of butter?

Mr. MONET: Yes, I will ask him a little later the prices of butter and butterfat.

Mr. Lesage, did you want to continue?

Mr. LESAGE: No, it is all right. You continue with your questioning. I think the witness has said it was a factor.

Mr. MONET: So, you agree it is a factor?

Mr. SILVERWOOD: Yes, I think it could be a factor. It might not be the important one, but it is a factor.

Mr. MONET: Previous witnesses have said it was a very important factor and we want to know if you agree with that. What about manufacturing costs. Mr. Silverwood, would they enter into your consideration?

Mr. SILVERWOOD: No, manufacturing costs have nothing to do with the fixing of the butterfat price.

Mr. MONET: In your company it has never been a consideration?

Mr. SILVERWOOD: No, it does not enter into it.

Mr. MONET: Will you tell the members of the committee what you paid for butterfat for each month from the 1st of June, 1947 to the present date?

Mr. CLEAVER: Could we also have the selling price of butter?

Mr. MONET: Yes.

Mr. SILVERWOOD: I have not the information on butterfat for all our plants. You can understand that might be confusing, but I have the prices paid on butterfat and these prices are the London prices. Do you want to start with the 1st of June?

Mr. MONET: Would that be delivered at the plant?

Mr. SILVERWOOD: This is delivered at the plant, No. 1 Grade delivered at the plant.

Mr. MONET: The prices you are going to give the members of the committee are the prices paid by you delivered at the plants?

Mr. SILVERWOOD: Yes.

Mr. MONET: Have you got June 1?

Mr. SILVERWOOD: Do you want the price of butter to start with?

Mr. MONET: Have you the butter prices?

Mr. SILVERWOOD: The Toronto solids price, June 1, 48½ cents. The butter price to the producer, delivered—

Mr. MONET: You mean butterfat?

Mr. SILVERWOOD: Butterfat, delivered, 53 cents.

Mr. MONET: That is the same date, June 1?

Mr. SILVERWOOD: Yes.

The CHAIRMAN: This is London?

Mr. SILVERWOOD: That is right. Do you want each month?

Mr. MONET: Yes, please.

Mr. SILVERWOOD: July 1; butter price 50½ cents, butterfat price 57 cents; August 1; butter price 52 cents, butterfat price 56 cents; September 1; butter price 60, butterfat price 65; October 1; butter price 60, butterfat price 67; November 1; butter price 58, butterfat price 63; December 1; butter price 64, butterfat 69; January 1; butter price 69½, fat price 76; February 1; butter price 67½, fat price 76; March 1; 67¼ for butter and 76 for fat.

Mr. MONET: There was no change in the price of butterfat in the last three months?

Mr. SILVERWOOD: That is right.

Mr. IRVINE: May I butt in at this point? For one month the price of butter was 67 cents and butterfat was 76. What would the actual spread be per pound between those two?

Mr. SILVERWOOD: I don't know whether I understand the question.

Mr. IRVINE: I am having regard to the fact that you get more butter than butterfat. What would be the spread, supposing it was a pound and one-eighth?

Mr. LESAGE: If you take about 80 per cent, it would be about 60·8 cents.

Mr. SILVERWOOD: That is about it.

Mr. LESAGE: It is the difference between 60·8 and 67¼.

Mr. IRVINE: What would the actual fat bring in terms of butter if it were 76 cents, that is what I want to get?

Mr. LESAGE: Do you want to convert the pound of butter back into butterfat?

Mr. MONET: It has been given in evidence that there is 1·23 pounds of butter in a pound of butterfat.

Mr. LESAGE: That makes a spread of 6·4 cents.

Mr. IRVINE: That is a reasonable spread.

Mr. LESAGE: It includes manufacturing costs.

Mr. MONET: Would you give the answer to that question, Mr. Silverwood? Have any of the gentlemen with you figured out the answer to Mr. Irvine's question.

Mr. SILVERWOOD: I think Mr. Lesage had it figured out correctly.

Mr. MONET: Then you take Mr. Lesage's figure as being correct?

Mr. SILVERWOOD: I think so.

Mr. MONET: I understand there was a subsidy paid on butterfat until May 1, 1947?

Mr. SILVERWOOD: That is right.

Mr. MONET: The subsidy was removed on May 1, was it not?

Mr. SILVERWOOD: That is right.

Mr. MONET: Would you tell the members of the committee if the removal of the subsidy had any effect on the price of butterfat so far as the producer was concerned?

Mr. SILVERWOOD: No, because the government formerly paid the subsidy and when the subsidy was removed the producer still got that in an increased price paid by the butter manufacturer. There was no effect so far as the producer was concerned.

Mr. MONET: Your answer is that the producer did not lose anything by the removal of this subsidy?

Mr. SILVERWOOD: That is right.

Mr. MONET: Did he gain anything by the removal of the subsidy?

Mr. SILVERWOOD: No, I would say not.

Mr. MONET: Did anybody gain from the removal of the subsidy?

Mr. SILVERWOOD: Well, the taxpayer did, I guess.

Mr. MONET: I want to know if your company gained or lost through the removal of the subsidy; did your company lose?

Mr. SILVERWOOD: No, we did not lose and we did not gain, either.

Mr. MONET: You did not benefit from the removal of the subsidy?

Mr. SILVERWOOD: No.

Mr. MONET: What about the butter you had on hand at the time the subsidy was removed?

Mr. SILVERWOOD: We had to pay the 8½ cents a pound to the government for butter we had on hand at the time the subsidy was removed, so we did not gain on that.

Mr. MONET: You mean to say on every pound of butter you had on hand at time of the removal of the subsidy your company had to pay 8½ cents?

Mr. SILVERWOOD: Yes.

Mr. MONET: You reimbursed the government?

Mr. SILVERWOOD: Yes.

Mr. MONET: The amount equivalent to the increase?

Mr. SILVERWOOD: Yes.

The CHAIRMAN: It is now six o'clock, so we will adjourn. We will have a steering committee meeting tomorrow night about a quarter to six. It appears as we will be able to go on with the matter of premium butter on Thursday afternoon.

The committee adjourned.

12-1948 Special Committee on, 1947/48
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SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 32

WEDNESDAY, APRIL 7, 1948

WITNESSES:

- Mr. E. G. Silverwood, President, Silverwood Dairies, Limited, London, Ont.
Mr. J. H. Duplan, Executive Vice-President, Silverwood Dairies, Limited, London, Ont.
Mr. J. H. Gillies, Vice-President and Treasurer, Silverwood Dairies, Limited, London, Ont.

OTTAWA
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CONTROLLER OF STATIONERY
1948



MINUTES OF PROCEEDINGS

WEDNESDAY, April 7, 1948.

The Special Committee on Prices met at 4.00 p.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Cleaver, Harkness, Homuth, Irvine, Johnston, Lesage, MacInnis, Martin, Mayhew, Merritt, Pinard, Winters.

Mr. Fabio Monet, K.C., Counsel to the Committee, in attendance.

Mr. E. G. Silverwood, President, Mr. J. H. Duplan, Executive Vice-President and Mr. J. H. Gillies, Vice-President and Treasurer, Silverwood Dairies, Limited, London, Ontario, were recalled and Mr. Silverwood was further examined.

In the temporary absence of the Chairman, Mr. Mayhew took the Chair.

At 5.30 p.m. witnesses retired and the Committee went into Executive Session, and adjourned its public sitting until Thursday, April 8, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
April 7, 1948.

The Special Committee on Prices met this day at 4.00 p.m. The Chairman, Hon. Paul Martin, presided.

The CHAIRMAN: The meeting will come to order.

I know the difficulty that members are under, a difficulty which is no less my own; but it would be appreciated if we could always be here about two minutes to four. We have lost twenty minutes today. It was not the fault of anyone because the orders of the day kept us in the House. But I am going to ask members of the committee who have up to now been extremely regular in their attendance and punctuality to try and retain that position.

Mr. MONET: I will recall Mr. Silverwood, Mr. Duplan and Mr. Gillies.

Edward Gordon Silverwood, President Silverwood Dairies Limited, recalled:

John Harold Duplan, Executive Vice-President, Silverwood Dairies Limited, recalled:

John Harold Gillies, Vice-President and Treasurer, Silverwood Dairies Limited, recalled:

Mr. MONET: Mr. Silverwood, at adjournment yesterday you had just given the prices for butter and butterfat for June 1 and the first of each month up to the present time.

Mr. SILVERWOOD: Yes.

Mr. MONET: I notice that from the 1st of August to the 1st of September in the price of butter as given by you yesterday there was an increase of 8 cents a pound?

Mr. SILVERWOOD: Yes.

Mr. MONET: And between the 1st of November and the 1st of December there was an increase of 6 cents per pound?

Mr. SILVERWOOD: Yes.

Mr. MONET: And between the 1st of December and the 1st of January there was an increase of $4\frac{1}{2}$ cents a pound?

Mr. SILVERWOOD: Yes.

Mr. MONET: Would you tell members of the committee what were the main factors for the price going up so sharply at these three different periods?

Mr. SILVERWOOD: I think the chief answer to the question is found in the figures of butter statistics on production and disappearance of butter as published by the Dominion Bureau of Statistics. For instance, at the 1st of July the stocks of butter at the beginning of the month as compared with a year ago were up about 2,700,000 pounds. At the end of July they were only up 631,000 pounds. In other words, in the month of July there was a decrease as compared

with a year ago of over 2,000,000 pounds. Production in July was up 3.5 per cent over last year, but consumption was up 14.5 per cent that month. Then in August we started out with stock on hand of 631,000 pounds better than the previous year but at the end of the month the stocks were 1,405,000 pounds less than the previous year. In other words, in that month stocks decreased as compared to the previous year by over 2,000,000 pounds. Again in the month of August production was at 6.1 per cent over the previous year but consumption was up 18.7 per cent; and I think that that is the chief answer to the question of the rises in price.

Mr. MONET: And that would apply for the other two periods I just mentioned; November to December, and December to January; the same thing would apply?

Mr. SILVERWOOD: Yes, I think so; because in the month of November there was a decline of 1,500,000 pounds between the first of the month and the end of the month in stock as compared to the previous year and in the month of December there was a decline of more than 2.5 million pounds. Production in November was a little better; 7.6 per cent ahead of the same month in '46; but consumption was up 11.7 per cent. In December the production was still lower, it was only .2 per cent higher than 1946; but consumption was 11.6 per cent higher. Then the same situation carried through in January and February; the stocks declined by 313,000 pounds in January and by 2,000,000 pounds in February.

Mr. MONET: And you would think the reasons you have just given would have been one of the main factors for such substantial increases in these special periods?

Mr. SILVERWOOD: Yes, I think those are the main reasons.

Mr. MONET: And your brief submitted yesterday, at page 3, under the heading "rise in butter prices"—subparagraph (b), the second section—you also stated that the assurance of adequate storage space would have been a factor in the increase in the price. That is on page 3, of your brief.

Mr. SILVERWOOD: Yes. Well, at the beginning of the season, that is early in June, we said that one of the reasons that the market was comparatively active was lack of storage space. I do not think that was probably the main reason by any means. I think the main reason probably was the one which I gave as the second reason; that is the uncertainty of production together with decontrol and increased consumption. However, at that time of the year there was a notable lack of storage space.

Mr. MONET: That was in June?

Mr. SILVERWOOD: Yes, in June. A little later on the situation improved.

Mr. MONET: But how do you explain that there was such a lack of storage space in June? Is that not a time when a considerable amount of butter is stored?

Mr. SILVERWOOD: It was caused by the taking up of storage space for meat for Britain, and so on.

Mr. MONET: And then would you tell members of the committee how it would affect the price of butter because there was an assurance of more storage space later on?

Mr. SILVERWOOD: Of course, I think the amount of storage space available is a factor, because you cannot store butter if you have no place in which to put it.

Mr. MONET: I agree with that, but I understand that at that time there was an apparent shortage in sight?

Mr. SILVERWOOD: That is right.

Mr. MONET: And the price was going up?

Mr. SILVERWOOD: That is so.

Mr. MONET: In the month of August?

Mr. SILVERWOOD: Yes, that is right; at that time there was more storage space available than there had been earlier.

Mr. MONET: Would you also say that there was more butter stored at that time?

Mr. SILVERWOOD: Well, I think so; yes.

Mr. MONET: Would the storage of butter be a cause of increasing the price?

Mr. SILVERWOOD: No, I would not say it is a very important cause, because butter has to be stored; otherwise there would not be enough for the wintertime. It is a common practice to store it, to have it stored every year.

Mr. MONET: Well, the butter that you stored would not be on the market, would not be sold.

Mr. SILVERWOOD: That is right; of course, there is more production in the summer months, much more than can be consumed, and someone has to store it.

Mr. MONET: So actually the fact that it was stored would not affect the price at that time?

Mr. SILVERWOOD: No, not the butter stored at that time; not to the extent that it might later on if it had not been stored.

Mr. LESAGE: I cannot understand how a lack of storage space would have the effect of increasing the price at the time. I would think it would be to the contrary. If there is no storage space there is more butter for immediate sale and that would normally have the effect of decreasing the price.

Mr. SILVERWOOD: We said, Mr. Lesage, that lack of storage space in general was one of the factors that went toward an inactive market at that time.

Mr. LESAGE: Oh!

(Mr. Mayhew assumes the chair)

Mr. SILVERWOOD: The market was comparatively inactive for a couple of months after the 9th of June and we stated that one of the reasons was that lack of storage space at that period. Later on the storage space situation improved.

Mr. LESAGE: So that the large buyers of butter could not find any place to store it?

Mr. SILVERWOOD: That is so.

Mr. MONET: Now, Mr. Silverwood, are you familiar with the operation of the Commodity Exchange?

Mr. SILVERWOOD: No, I do not know anything about it.

Mr. MONET: You do not know anything about it?

Mr. SILVERWOOD: No.

Mr. MONET: You have already stated that you do not do any buying on the Commodity Exchange at all?

Mr. SILVERWOOD: No, we do not.

Mr. MONET: Now, Mr. Silverwood, we have just spoken about the rise in prices. Can you tell members of the committee who in your opinion would benefit most from the rise in price in these different periods we have mentioned; would it be the producer, the manufacturer or the wholesaler; and to complete the question because somebody mentioned it, the consumer also benefited by it and I would include the consumer and the producer?

Mr. SILVERWOOD: Well, to start with the producer; he benefited as the market rose practically immediately because butterfat prices follow the market so swiftly that there is no drag there between the butter price and the fat price,

so I would say the producer did benefit as the market went up and naturally he would get more for his fat. Naturally anybody who was holding butter benefited by the increase in market price; all the people in the trade who are in the butter business, the business of making butter or holding butter, they all benefited by having more butter because of a better price. I guess perhaps to a minor extent that might be a true statement too.

Mr. MONET: Well, I understood you said it allowed the consumer to have more butter?

Mr. SILVERWOOD: To have more butter—I did not understand you correctly.

Mr. MONET: Do you agree with that?

Mr. SILVERWOOD: I think to some extent that is true.

Mr. JOHNSTON: Which of the three would benefit more?

Mr. IRVINE: The cows would milk more because the price was up.

Mr. SILVERWOOD: No, just because of a small amount of conversion between butter and cheese, something like that.

Mr. JOHNSTON: Which one of the three benefited most because of that? I can quite well see where they all benefited to a certain degree, but which of the three benefited most?

Mr. MONET: If you will allow me I will also ask him to what extent each of them benefited out of the whole.

Mr. SILVERWOOD: I think that may be a rather difficult question for me to answer. The butterfat price increases, as I said, with the butter market. Naturally, the higher the price of butter the bigger the spread between fat and butter. In other words, you have we will say an overrun of 20 per cent or 25 per cent, whatever it is. That overrun on a 40-cent market might be the equivalent of say 10 cents to the producer, but on a 67-cent market it might be the equivalent of 15 cents to the producer.

Mr. JOHNSTON: Yes, but would it not be important then that the producer was not producing the quantity he was producing before, because that increase in price came on toward the latter part of the production season?

Mr. SILVERWOOD: That is true, of course.

Mr. JOHNSTON: So the person who had it in storage, who could buy it during the period of heavy production and low price and then sell it at the increased price later on would benefit more than the producer?

Mr. SILVERWOOD: To the extent that they were holding let us say June butter bought at somewhere around 50 cents, probably that is right.

Mr. JOHNSTON: No "probably" about it; it would be definitely right, would it not?

Mr. SILVERWOOD: Yes, but I do not know you could compare the two. It is a difficult question to answer, who benefited the most. There is no common denominator there.

Mr. LESAGE: The business is not the same.

Mr. SILVERWOOD: Not at all.

Mr. IRVINE: I suppose all the answers to that question which he can really give is, how much he benefited himself.

Mr. SILVERWOOD: We can tell that of course. I have given figures which show to what extent we, as holders of butter, benefited.

Mr. MONET: We will come to that feature a little later in the questioning. Is that the only information you can give at the moment?

Mr. SILVERWOOD: I think that is my answer on that question.

Mr. MONET: Now could you tell the members of the committee, Mr. Silverwood, whether the manufacturing of butter was a profitable operation before control and if so to what extent?

Mr. SILVERWOOD: Well our experience in the butter business, Mr. Monet, was that the butter business was unprofitable before control. It has been unprofitable with us for every year until the period 1947-48.

Mr. IRVINE: Is that comparatively unprofitable or actually unprofitable?

Mr. SILVERWOOD: That is actually unprofitable.

Mr. MONET: You are talking about the period before control?

Mr. SILVERWOOD: That is right.

Mr. MONET: Was it always unprofitable before the period of control?

Mr. SILVERWOOD: Well some years were better than others. All the years were not the same, but we have not found butter to be a profitable operation for a good many years.

Mr. IRVINE: How can you explain then why you continue in the butter business?

Mr. SILVERWOOD: I think that is a good question. We started out as a produce business. We started buying poultry and eggs from the farm but we soon got into the creamery business and I think the date was about 1907. Our whole business had been developed from that beginning. We set up with buying stations as we have listed them here at Thamesville, Melbourne, Zurich, Neustadt and Uxbridge. We have our warehouses and so on, and we are in the position that while the butter end of the business helps to carry the overhead—it carries a share of the overhead—yet it is a most difficult matter to calculate what savings we could make if we were out of the butter business. As a matter of fact if we got out of the butter business we would have to get out of some of the other lines. We would have to forget about poultry, eggs, melange, and I would say all our produce products. It is a most difficult question but we have considered it as a matter of fact.

Mr. IRVINE: That being so—the fact that you have to make butter in order to stay in the general produce business—would mean that whatever profit you might make out of the business as a whole would have to be partly credited to butter since that business is necessary to enable you to carry on the other parts of the business?

Mr. SILVERWOOD: I would not say that we have to carry on with butter in order to carry on our business.

Mr. IRVINE: I understood you to say that.

Mr. SILVERWOOD: I do not know whether I made myself clear. We could not very well discontinue butter without discontinuing other lines. I think that is a fair statement. We may go back home after this inquiry is over and again go into the question of whether we should be in the butter business?

Mr. IRVINE: May I ask a supplementary question? In your opinion would the same answer apply with respect to all producers of butter in Canada?

Mr. SILVERWOOD: No, I do not think so. I would answer the question in this way. Butter is a product that lends itself to small operation. Many creameries are located in small towns and are operated probably by a father and perhaps his son—sometimes father and sons—and a creamery can be operated in a very modest way. However, when you get into a big organization such as ours, and when you get involved in time and a half for overtime, and pensions, and so on, your overhead is considerably higher than if you were operating in a little town or a village. We mentioned yesterday competition in setting butterfat prices.

I think that is one of the reasons why some of those little creameries can compete with some of the bigger creameries and pretty nearly run them ragged. Have I made myself clear?

Mr. LESAGE: Yes, they do not need to take such a margin on butterfat? Their operating costs are less?

Mr. SILVERWOOD: Yes, their operating costs are much lower.

Mr. IRVINE: I think some of the larger concerns have shown here that while they have temporary losses now and then the over-all picture indicates a fairly profitable business.

Mr. SILVERWOOD: Unfortunately that is not our situation. I wish it was.

Mr. HOMUTH: Well now, Mr. Chairman, do the statements given to us here show what Mr. Irvine alleges? I think you will find it is just the opposite, and that while there was that unprecedented rise where certain sellers of butter made a huge profit, the general picture is just the opposite to that which Mr. Irvine has indicated?

Mr. IRVINE: I do not think we should open up that discussion because we will have to inquire into it later.

Mr. HOMUTH: Well, just for the record I think you should check that.

Mr. IRVINE: I think my view will be sustained by the facts.

The ACTING CHAIRMAN: The answers to those questions will come out in the schedule and the facts will be quite obvious to everyone. At the moment, however, I think you would have to do some guessing on the question before us.

Mr. MONET: Has there been any increase in the cost of production since decontrol?

Mr. SILVERWOOD: Yes, Mr. Monet. I would say there has been an almost continuous increase in the cost of production in the past year.

Mr. MONET: Would you tell the members of the committee what you are including in cost of production? I think you have referred to cost of production in the information given in exhibit No. 71.

Mr. SILVERWOOD: Yes, it is contained in several of our statements here.

Mr. MONET: Well, would you tell the members of the committee to what statement you are referring at the moment?

Mr. SILVERWOOD: Statement No. 4, page 1.

Mr. MONET: Of exhibit No. 71?

Mr. SILVERWOOD: Exhibit 71, column E, is the cost.

Mr. IRVINE: Where is column E?

Mr. MONET: On statement No. 4.

Mr. SILVERWOOD: You are looking at page 3.

Mr. MONET: Turn to page 4.

Mr. IRVINE: Oh, page 4, I see.

Mr. MONET: Yes?

Mr. SILVERWOOD: We have numbered the pages on each of our statements.

Mr. MONET: You are referring to statement 4, page 1—the statement has two pages.

Mr. SILVERWOOD: On statement No. 4, page 1, column E, the figure given there as cost is the cost of butterfat at the farm or delivered by the patrons to the creameries, plus purchases of butter at cost. Is that clear? Column E is the cost of butter at the farm, or delivered to the dairy by the farmer, plus the purchase of butter at cost. The next column, column F, purchasing expense, includes wages and commissions. For instance, in many of our creameries we operate our own trucks which go out and collect cream at the farm.

Mr. MONET: Excuse me if I interrupt at this stage, but when you talk of wages does the figure for wages apply only to the butter operation?

Mr. SILVERWOOD: The wages I am speaking of here are the wages of truck drivers who go out and purchase cream. It is part of the purchasing expense in connection with cream.

Mr. MONET: It applies only to the butter operations and not to any other operation of your company?

Mr. SILVERWOOD: Well, Mr. Monet, if the driver collects eggs as well as cream—and he probably would do so—a portion of his wage would be applied to the cost of the eggs, and so the figure here which I point out applies only to butter.

Mr. HOMUTH: If he collects cream for ice cream would that situation apply?

Mr. SILVERWOOD: No, we get our cream for ice cream from an entirely different source.

Mr. MONET: The wages you have just referred to with regard to the purchase of cream are applied entirely to butter?

Mr. SILVERWOOD: Entirely to butter. Transportation includes the cost of the trucks, the cost of bringing the cream from the country station to a city creamery, and that cost is included in purchasing expense. Now production expenses, column G on the same page, refers to plant wages, plant uniforms, and supplies of all kinds including light, heat, power, storage and refrigeration, upkeep and so on. Does that answer the question?

Mr. MONET: Yes. Now, can you tell the members of the committee, Mr. Silverwood, how you manage to calculate the actual wages which you apply on butter when you are handling other products? What is the process for breaking down the figures?

Mr. SILVERWOOD: Well, they are broken down on the basis of time. They are broken down actually in the first place in the weekly time card of the employee concerned according to the amount of time that he works. You are speaking now of course of an operation where a man such as a truck driver works part time on butter and part time on eggs?

Mr. MONET: Yes.

Mr. SILVERWOOD: That is broken down according to the original time card for that particular week.

Mr. HOMUTH: On a dollar basis?

Mr. SILVERWOOD: No, on an hourly basis. The time break-up actually amounts to dollars when it is converted to wages if that is what you mean?

Mr. HOMUTH: I think we ought to clear that up. Mr. Monet's question is "how do you break the figure down as between the cost of poultry and cream?"

Mr. SILVERWOOD: I was trying to explain it. The truck driver shows his pick-up of eggs and cream and poultry at the farm and a split is made on the basis of the time. In that particular case it would be based on volume to some extent but the actual day's work is figured on the time element rather than on volume.

Mr. MONET: I understand, Mr. Silverwood, that some firms base their calculations on a point basis?

Mr. SILVERWOOD: You mean a unit basis?

Mr. MONET: Yes, a unit basis, but that is not your process?

Mr. SILVERWOOD: We have allocated our indirect expenses on a unit basis which we can discuss when we get to that column. It is column N on page 2 of statement 4. As a matter of fact our accounting system does not spread the indirect expenses over our various products and we thought, to give this commit-

tee the type of information which it needed, that it might be helpful if we attempted to break up our indirect expenses on a product basis so that we could assess a certain proportion of the cost against our butter operations. To reflect that information we did use a unit basis. There are a number of ways that it can be done. It could be done on a dollar, or sales value basis, and in different ways but we did elect to do it on a unit basis. I will explain the process if you wish?

Mr. MONET: Please give us the information because I think it is important.

Mr. SILVERWOOD: Well, in the case of the indirect expense, one of our problems was to keep the proportion chargeable to the butter operation from looking too large because if we had taken it on a dollar sales value it would have been quite a bit higher than on a unit basis. This basis we worked out is quite arbitrary and it may be right or it may be wrong. We took as units, a pound of butter, a dozen eggs, a pound of melange, a pound of cheese, a pound of cottage cheese, and a pound of poultry.

On our milk products, we took 50 cents worth of sales as a unit. On our ice cream, we took half a gallon as a unit and for our milk department we took two quarts as a unit. We worked it out in that manner.

Mr. WINTERS: Do you allocate your overhead on the same basis?

Mr. SILVERWOOD: I am speaking now of indirect expenses.

Mr. WINTERS: Including overhead?

Mr. SILVERWOOD: Yes, but as I say, normally we are accustomed to dealing with gross profit on our various products; then, we look at the overhead at the bottom of our statement which is one amount. We do not spread it over all these products. This is simply an attempt to spread it in order to try to arrive at a net on butter so you would have a little better picture of the whole situation.

Mr. WINTERS: On that basis of allocation, Mr. Silverwood, what part of the plant overhead do you assign to each pound of butter?

Mr. SILVERWOOD: It worked out this way, that the units of butter compared to the total units were 9.58 per cent in the case of our Silverwood operation and 29.22 per cent in the case of our Lindsay operation. The reason it is much higher in the Lindsay operation, of course, is because Lindsay has not got the variety of dairy products we handle in our Silverwood operation. We took the 9.58 per cent of our total indirect expenses on our Silverwood Dairies Limited, plus 29.22 per cent of our Lindsay indirect expenses and added the two together. It is that figure we show, for instance, on statement 4, page 2 at the bottom, column N, for the eleven months, \$170,992, as the share of indirect expenses charged to our butter operations.

Mr. WINTERS: That includes plant overheads, too, does it?

Mr. SILVERWOOD: That is correct.

Mr. MONET: For those indirect expenses as listed in this exhibit commencing with the year 1939 up to the present, did you proceed in the same way?

Mr. SILVERWOOD: Yes.

Mr. MONET: It is the same process?

Mr. SILVERWOOD: The same process for all the years, but each year, of course, is on its own basis as to the number of units of butter as compared with the total units for that year.

The ACTING CHAIRMAN: That would mean that in 1940 when your indirect expense was \$195,849, you handled 4,735,000 pounds of butter?

Mr. SILVERWOOD: Pardon me, 1940, you say?

The ACTING CHAIRMAN: 1939 is the first figure shown?

Mr. SILVERWOOD: Yes.

The ACTING CHAIRMAN: You gave it as \$195,000?

Mr. SILVERWOOD: Yes.

The ACTING CHAIRMAN: On a 4,700,000 turn-over?

Mr. SILVERWOOD: That is right.

The ACTING CHAIRMAN: Then, the next year, you had a 5,000,000 turn-over and your indirect expense is shown to be \$168,000.

Mr. SILVERWOOD: That is correct.

The ACTING CHAIRMAN: How do you account for that?

Mr. SILVERWOOD: It is the difference in relationship between the total units of butter as compared with the total of other units we handled. It may vary considerably from one year to the other.

Mr. HOMUTH: Your butter operations may have been much less that year and the other operations greater proportionately?

Mr. SILVERWOOD: It is more likely the other operations were greater and butter was much the same, you see.

The ACTING CHAIRMAN: It is rather difficult for this committee to attach any great value to these columns?

Mr. SILVERWOOD: Yes, I think it is. It is more or less arbitrary. We think it is as close as we can reasonably get to it. We just included it to try and arrive at a net figure which would give you a better picture.

The ACTING CHAIRMAN: It is difficult to understand how you handled practically 6,000,000 pounds of butter in 1947 for \$135,000 whereas, in 1939, when expenses were supposed to be much less, it cost \$195,000?

Mr. SILVERWOOD: It is largely, as I say, because of the relationship between butter and other products. You have not got the complete picture there. I was wondering whether Mr. Gillies might like to comment on that.

Mr. HOMUTH: I think it would clear up the matter for us if you would give us your total sales for 1939 or 1937, whatever year Mr. Mayhew mentioned. Could you give us your total sales of all products?

Mr. SILVERWOOD: I could give you that, Mr. Homuth, I think.

Mr. HOMUTH: Perhaps that would clear the matter up.

The ACTING CHAIRMAN: I do not think it is important except that, as I say, I do not think it is very much help to us.

Mr. SILVERWOOD: Our sales for 1939 were \$6,710,000, and in 1940, our sales were \$6,778,000. The figures are very close.

Mr. MONET: Now, Mr. Silverwood, I should like you to turn to your statement 6, page 1, exhibit 71.

Mr. WINTERS: Before you do that, I wonder if you could give us your total expenses for 1947, if you have not done so?

Mr. SILVERWOOD: No, I have not.

Mr. WINTERS: The total indirect expenses corresponding with this figure of \$135,811?

Mr. SILVERWOOD: Our total indirect expenses—I could give you that for the eleven months ending February 28, 1948.

Mr. WINTERS: You give a figure which would correspond to the \$135,811?

Mr. SILVERWOOD: If I understand your question correctly, I think that is on statement 4. You mean a comparison between \$170,000?

Mr. WINTERS: No, as I understand it, that figure implies your total indirect expense in the handling of butter?

Mr. SILVERWOOD: Yes.

Mr. WINTERS: What is the total indirect expense on the entire operation?

Mr. SILVERWOOD: I have it for the eleven months ending February 28.

Mr. WINTERS: Is it for the same period as this other figure?

Mr. SILVERWOOD: It is for the same period as the \$170,992.

Mr. WINTERS: I see, that would be all right.

Mr. SILVERWOOD: The total figure is \$1,252,983, in the case of Silverwood Dairies Limited and \$52,091 in the case of Silverwood Lindsay Creamery.

Mr. WINTERS: So, the two would have to be totalled?

Mr. SILVERWOOD: We have to take 9.58 per cent of the first figure and 29.22 per cent of the second figure to get the total of \$170,992.

Mr. WINTERS: May I make a correction there? You asked me if I could give it for the period ending March 31, 1947. As a matter of fact, those figures I have just given are for the twelve month period ending March 31, 1947. For the comparable amount for butter, the figure is \$135,811.

Mr. MONET: So, the figures you have just given to Mr. Winters were for the twelve months ending March 31, 1947?

Mr. SILVERWOOD: And relate to the \$135,811 of indirect expenses in 1947.

Mr. MONET: You would not have the figures for the current fiscal year?

Mr. SILVERWOOD: No, I do not think so.

Mr. MONET: That information would complete the question asked by Mr. Winters.

Mr. SILVERWOOD: I have the figures here for Silverwood Dairy Limited for that period, but not for Lindsay. The figure for Silverwood Dairy for the eleven months is \$1,372,377. I am sorry I have not got the figure for Lindsay.

Mr. MONET: The Lindsay figure would be a very small one?

Mr. SILVERWOOD: Yes, Lindsay is quite small compared to that. The figure for Lindsay is \$68,454.

Mr. WINTERS: I wonder if you could say, in terms of total plant space, whether your butter operation occupies somewhere around 10 per cent of the total plant set-up?

Mr. SILVERWOOD: I would only be guessing at that. I imagine it does, but it would only be a guess. I could not really say.

Mr. WINTERS: In terms of physical plant, this overhead would be roughly in the same ratio?

Mr. SILVERWOOD: I think, roughly, it would be, yes.

Mr. MONET: Now, Mr. Silverwood, I should like you to deal with statement No. 6 of exhibit 71, pages 1 and 2.

Mr. SILVERWOOD: I might say—

Mr. MONET: Pardon me?

Mr. SILVERWOOD: I was going to say we prepared this statement No. 6 on our own initiative because we thought it would give the committee the type of information they were attempting to get. It probably requires a little explanation.

Mr. MONET: I am going to question you about it, and I believe we will arrive at the same conclusion. I was going to point out to the members of the committee that in order to see the entire picture of your company's butter dealings we would have to deal with this statement No. 6 which has been prepared, as Mr. Silverwood says, without a request being made. For this, I thank you.

Under the headings B, C, D, you are dealing with the creamery department?

Mr. SILVERWOOD: Yes, all production.

Mr. MONET: And E, F and G, you are dealing with current butter?

Mr. SILVERWOOD: Yes.

Mr. MONET: Would you tell the members of the committee what you mean by the phrase, "current butter."

Mr. SILVERWOOD: The current butter account or the current trading account is the account to which all our make is charged plus all our purchases. In other words, we transfer the butter made from our creameries into our current butter account and that transfer is made on the basis of the Toronto solids market less three-quarters of a cent. We use that formula on the day of the transfer from the creamery to the current account. We do not hold butter in the creameries at all. We transfer it immediately it is made to the current account at the Toronto solids market for that day less three-quarters of a cent.

Mr. MONET: It is a sale; it is to be considered as a sale from your creamery department?

Mr. SILVERWOOD: It is an internal sale, if you like.

Mr. MONET: But it is a sale?

Mr. SILVERWOOD: It is an internal sale; that is right.

Mr. PINARD: What is the $\frac{3}{4}$ of a cent?

Mr. SILVERWOOD: The theory of the $\frac{3}{4}$ of a cent is that it covers $\frac{1}{4}$ of a cent for brokerage and $\frac{1}{2}$ a cent for delivery. Actually it is an arbitrary figure we use just for our own internal accounting, if you understand.

Mr. JOHNSTON: You would not have a brokerage fee if you were transferring it from one of your creameries?

Mr. SILVERWOOD: That is quite right. It is an arbitrary figure we use for the sake of our internal accounting.

Mr. JOHNSTON: Do you add that up to the expense of the butter?

Mr. SILVERWOOD: No.

Mr. PINARD: Is that practice followed generally?

Mr. SILVERWOOD: We are actually decreasing the profit of the creamery department to the extent of $\frac{3}{4}$ of a cent by doing that, but it is all an internal matter, anyway. We show $\frac{3}{4}$ of a cent less than Toronto solids as a credit to the creamery department, and the current butter account has the benefit to that extent. Do you understand?

Mr. PINARD: What is the purpose of that?

Mr. SILVERWOOD: It puts the creamery department to some extent on the same basis as if we were buying that butter from outside.

Mr. HOMUTH: It is all an internal matter?

Mr. SILVERWOOD: It is all internal.

Mr. HOMUTH: It does not mean anything in regard to the price of the commodity?

Mr. SILVERWOOD: It has no bearing at all.

Mr. HOMUTH: It is simply a matter of one department or another showing a profit or a loss in its operation?

Mr. SILVERWOOD: That is quite right.

Mr. MONET: But the current butter account represents butter coming from the creamery department, and is it also butter purchased?

Mr. SILVERWOOD: It is also butter purchased from outside at cost.

Mr. MONET: At cost?

Mr. SILVERWOOD: That is right.

Mr. MONET: Then we have storage butter?

Mr. SILVERWOOD: Butter we store is transferred out of current account to storage also at the same price, that is, at the Toronto solids price less $\frac{3}{4}$ of a cent on the day of the transfer. If we decide to store butter it is transferred from our

current account to storage on the same basis. Likewise when storage butter comes out of storage it is transferred back into current account on that same basis once more, on the Toronto solids price less $\frac{3}{4}$ of a cent at the date it comes out. We show in column J on page 1 a profit of 11.41 cents for the eleven months, which is the average profit for that period on the butter in storage.

Mr. MONET: If you do not mind, we will come to that later.

Mr. HOMUTH: I think it would be well if Mr. Silverwood would clear up one point which is not clear in my mind. He says that when they buy butter and put it in storage they deduct $\frac{3}{4}$ of a cent under the solids market?

Mr. SILVERWOOD: No.

Mr. HOMUTH: You do not do that on purchased butter?

Mr. SILVERWOOD: No, that is right.

Mr. HOMUTH: I understood you did.

Mr. MONET: Not on purchased butter?

Mr. SILVERWOOD: No.

Mr. MONET: On stored butter?

Mr. SILVERWOOD: On our own butter.

Mr. MONET: Would you explain the term "milk wagon butter" which we see on page 2 of statement 6.

Mr. SILVERWOOD: Milk wagon butter is transferred from current account to milk wagons, likewise at a price based on the Toronto solids market. Of course, in the case of the milk wagon butter it is in the form of prints, and prints are worth 2 cents more than solids, so it is transferred at a price based on the Toronto solids market. Actually it is $1\frac{1}{4}$ cents above the Toronto solids price, the transfer price to milk wagon butter account.

Mr. HOMUTH: Do you sell any butter in other than pound prints?

Mr. SILVERWOOD: Not off the milk wagons.

Mr. HOMUTH: Do you to the general trade?

Mr. SILVERWOOD: The butter sold to the general trade is in 56-pound boxes, to stores and restaurants.

Mr. HOMUTH: They cut their own?

Mr. SILVERWOOD: No, it is not in solids. Most of our butter is sold in prints in 56-pound boxes. We do sell some solids but a very very small amount.

Mr. MONET: In column N you have your total sales. Will that include all sales under storage butter and milk wagon butter?

Mr. SILVERWOOD: Yes, that is the total of all our sales. You will find that the total in column N is the total of column E plus column K. In other words, it is the total of current butter sales plus milk wagon butter sales, and that is the total of our sales of butter. In other words, storage butter is eliminated.

Mr. MONET: Goes back into current?

Mr. SILVERWOOD: Goes back into current.

Mr. MONET: And the creamery department goes into the—

Mr. SILVERWOOD: Inter-department transfers are wiped out that way.

Mr. MONET: I understand your butter from the creameries is transferred under your current butter account, and the storage butter is also transferred?

Mr. SILVERWOOD: That is quite right.

Mr. MONET: So that the total sales as listed under column N are made up from the current butter sales under column E—

Mr. SILVERWOOD: Plus K.

Mr. MONET: Plus K, which is milk wagon butter?

Mr. SILVERWOOD: That is right.

Mr. MONET: What do you mean by "trading profit"?

Mr. SILVERWOOD: What column?

Mr. MONET: Column O, "total butter trading profit."

Mr. SILVERWOOD: Column O refers to what we would call gross profit, in other words, profit before indirect expenses.

Mr. MONET: You have already given answers to questions on indirect expenses.

Mr. SILVERWOOD: It is the gross profit after deducting the expense of purchasing and production and selling as shown on statements 5 and 4. You will find, as a matter of fact, in column P on statement 6, that the 5.17 cents gross profit for the eleven months—at the bottom of column P—is broken up by months on page 2 of statement 5 in column M.

Mr. MONET: For the moment we will remain on page 2 of statement 6, if you do not mind. I should like to point out that in column O the total of the trading profit for the years 1939 to 1947, both inclusive, was \$746,499?

Mr. SILVERWOOD: Right.

Mr. MONET: That was for total sales for the same period of years of 47,610,518 pounds.

Mr. SILVERWOOD: That is correct.

Mr. MONET: And that would be an average, as shown under table P, of 1.57?

Mr. SILVERWOOD: Just over $1\frac{1}{2}$ cents per pound.

Mr. MONET: If you look at the eleven months for your current fiscal year ended February 28, 1948, your trading profit amounted to \$334,494?

Mr. SILVERWOOD: Right.

Mr. MONET: Under column O.

Mr. SILVERWOOD: Yes.

Mr. MONET: That would be on 6,470,198 pounds, or an average of 5.17?

Mr. SILVERWOOD: That is correct.

Mr. MONET: So your net profit for the current fiscal year on the amount just mentioned would be 2.53 per pound?

Mr. SILVERWOOD: That is correct.

Mr. MONET: If you compare that with all the previous years from 1939 to 1947 I am right in saying that in all previous years you had a loss?

Mr. SILVERWOOD: Yes, each year was a loss.

Mr. MONET: So that for this present year on your total operations you made a substantial profit, would you call it?

Mr. SILVERWOOD: It was certainly substantial for us, wasn't it?

Mr. MONET: Would you call it an abnormal profit?

Mr. SILVERWOOD: Yes, it was an abnormal profit.

Mr. MONET: From 1939 up to this present fiscal year you had losses every year?

Mr. SILVERWOOD: That is right; it was an abnormal profit.

Mr. MONET: I should like the members of the committee to consider with you and myself the profit operation on each department as shown in columns B, C and D on page 1 of statement No. 6. Your creamery department shows a profit of 3.17 for the present year?

Mr. SILVERWOOD: That is correct.

Mr. MONET: And the current butter a profit of 1.13?

Mr. SILVERWOOD: Yes.

Mr. LESAGE: I do not know if the witness has explained what the creamery department does. Is it the manufacture of butter?

Mr. SILVERWOOD: It is the manufacture of butter.

Mr. LESAGE: On manufacturing butter you made 3.17 cents?

Mr. SILVERWOOD: That is right, on the basis of the transfer prices we mentioned a few minutes ago.

Mr. MONET: Of $\frac{3}{4}$ of a cent?

Mr. SILVERWOOD: Yes.

Mr. MONET: But even without the $\frac{3}{4}$ of a cent there would still be quite a substantial profit on your creameries?

Mr. SILVERWOOD: That is right.

Mr. MONET: I see on your creamery department for all the previous years you also made a profit?

Mr. SILVERWOOD: That is right. Of course, you realize we are talking now of gross profits.

Mr. MONET: Absolutely.

Mr. SILVERWOOD: Not net.

Mr. MONET: Because on page 2 of statement 6 you show the expenses against these profits?

Mr. SILVERWOOD: Yes.

Mr. MONET: We are talking of gross profits as you have listed them there?

Mr. SILVERWOOD: Yes. I might explain again—possibly it may not be clear to members of the committee—that column O shows the profit on the total sales. In other words, the \$334,494 on page 2, column O, is the total of column D, the profit on the creamery, column G, the profit on the current, plus column J, the profit on the storage, plus column M, the profit on the milk wagon butter. In other words, it is the total of all those four columns.

Mr. MONET: That 5.17 that is under column P?

Mr. SILVERWOOD: That is right. We have left the profit in those four departments to show it by departments.

Mr. LESAGE: For instance, you have total production of four million odd pounds in the first column, column B?

Mr. SILVERWOOD: Yes.

Mr. LESAGE: Is a part of that four million odd pounds included under column H?

Mr. SILVERWOOD: In column H—yes, part of the make would be.

Mr. LESAGE: So it is possible on a certain number of pounds out of those four million pounds you made a profit of 3 cents?

Mr. SILVERWOOD: Quite right.

Mr. LESAGE: Out of the creamery, and over that a profit of 11 cents?

Mr. SILVERWOOD: That is quite right.

Mr. LESAGE: So there would be on a part of this four million odd pounds a profit of over 14 cents. If you do not want me to call it a profit I will say a gross margin.

Mr. SILVERWOOD: That is quite right.

Mr. MONET: I was just coming to that in the very next question.

Mr. LESAGE: I wanted to understand that it was the same butter.

Mr. SILVERWOOD: Some of it is the same.

Mr. PINARD: Would you tell us what happens to the $\frac{3}{4}$ of a cent? Is it taken care of?

Mr. SILVERWOOD: It is just internal.

Mr. PINARD: Is it taken care of in the profit mentioned in the last column?

Mr. SILVERWOOD: I do not know whether or not I can make that clear. If we take the $\frac{3}{4}$ of a cent off our transfer price from creamery to current, or say from current to storage it simply means that there is that much more profit in current and that much less in creamery. It is entirely an internal matter.

Mr. PINARD: It is applied to one or to the other?

Mr. SILVERWOOD: That is right, but it is internal. It washes itself up.

The ACTING CHAIRMAN: I should like to know if the witness can tell us what is the average mark-up or spread you try to obtain from the time you get your milk until you get it into butter and the butter distributed?

Mr. SILVERWOOD: Well, the mark-up we will say on print butter is—you sell your butter, Mr. Mayhew, on the basis of market price, whatever it happens to be, the private market. The only difference is that you get 2 cents more for prints because of the cost of printing.

The ACTING CHAIRMAN: I want to ask you now about your profits, what you make—

Mr. SILVERWOOD: You mean, the spread between the price of fat and the price we get for butter; is that what you are referring to?

The ACTING CHAIRMAN: Take milk as the raw material and let us know what your cost is for producing butter.

Mr. SILVERWOOD: I think I can answer that question. As a matter of fact, that question is answered in statement No. 4, on page 1. If you would like to make one or two little notations on the page I think it will help to explain it. Just take now these last eleven months, just to avoid confusion. Column E, gives you—you will see the figure of \$3,122,847. If you divide that \$3,122,847, by the number of prints sold it gives you 48.26 cents per pound. I would like you just to make a little notation of that on your sheet. The cost of that fat is 48.26 cents for the eleven months.

Mr. LESAGE: That is per pound of butter?

Mr. SILVERWOOD: 48.26 cents per pound of butter.

Mr. LESAGE: Per pound of butter?

Mr. SILVERWOOD: That is right. The purchasing expense, column F, is 1.15 cents per pound of butter. The production expense is 3.27 cents. On the next page, the selling expense, column J, is .93. Now, you want to get the complete picture. By adding purchasing expense, production expense, selling expense and indirect expense of 2.64 cents, it means that we would have to have a mark-up of 7.99 cents, practically 8 cents, between the cost of the fat and the selling price of the butter to break even.

Mr. JOHNSTON: What would you consider a good profit? What mark-up would there have to be in order for you to make a reasonable profit?

Mr. SILVERWOOD: It all depends on what you consider a reasonable profit. If you consider a reasonable profit we will say 1 cent a pound you would have to have a mark-up there of 9 cents between the cost of fat and the selling price of butter.

Mr. JOHNSTON: Would you consider 1 cent to be sufficient?

Mr. SILVERWOOD: Well, of course, 1 cent profit would be considerably better than what we have been accustomed to in the past 9 years.

The ACTING CHAIRMAN: Do you not set an objective on the cost?

Mr. SILVERWOOD: In the butter business you cannot actually do that, Mr. Mayhew, because you are working entirely on a market which is beyond your control. I mean, you are working on the butter market as you find it and you cannot set your price to meet your cost. You don't attempt to.

The ACTING CHAIRMAN: What about all these people who are in the butter business; they seem to have large holdings; are they all taking a loss? What sets the price?

Mr. SILVERWOOD: I think the answer to that is that the demand for butter is what actually sets that market. Supposing you wanted to go out and buy butter, and supposing you wanted to buy some butter and you got in touch with a broker and he had some butter for sale at a certain price, let us say 50 cents. You might think, using your own judgment on conditions generally, that that was too much, that the butter was not worth 50 cents; you would not buy it then, do you see. On the other hand, if you thought there was a strong market and you would have to pay more for it later on then, of course, you would buy the butter at 50 cents. The point I am trying to make is this, that it is the demand for butter which sets the price, and the stronger the demand the higher the price is going to be.

The ACTING CHAIRMAN: Is there some speculator in there?

Mr. SILVERWOOD: No, I do not think so, necessarily. As a matter of fact I think the trade absorbs such a large percentage that a butter speculator has no particular effect on the market. That would be my own personal opinion.

Mr. MACINNIS: Well, with the exception of 1947 I think all the butter people that have come before us have shown a loss. Now who is making the profit in the butter business or is everyone showing a loss.

Mr. SILVERWOOD: I would not say that everyone is showing a loss.

Mr. MACINNIS: Everyone who has been here so far has said so. Now if those people are showing a loss who is it that is making a profit?

Mr. SILVERWOOD: Well, of course, the storekeeper that buys the butter at a certain price and sells it on a certain margin of profit may be making money.

Mr. WINTERS: You say the price is set by supply and demand?

Mr. SILVERWOOD: I think so.

Mr. WINTERS: Now you are experiencing those conditions yourself. You are in the butter business, but you say that you do not set the price and that you follow the market. At what point is the price set?

Mr. MERRITT: Surely, Mr. Silverwood, it is the cumulative effect of all the purchasers in a market and all the sellers in a market that fixes the price at any one time?

Mr. SILVERWOOD: I think that is exactly right, Colonel Merritt. It is not any one firm dealing with a fraction of a per cent of the total butter in Canada that has an influence sufficient to effect the market one way or another.

Mr. WINTERS: Well who assembles the market to a point where there is an effect? Is it the broker?

Mr. SILVERWOOD: The broker simply is the medium of bringing buyer and seller together. The broker performs a useful function.

Mr. WINTERS: Is that not the central point where the price would tend to be set—the commodity exchange or the brokerage level?

Mr. SILVERWOOD: Well, I do not know. Do you not think the man who has the butter to sell is the primary one who sets the price? The broker gets in touch with the producer and asks "have you got some butter for sale?" The answer is usually "yes, we have a car, or two cars". "Well what is the price?" The pro-

ducer names a price and if he names a price that is higher than the market he will probably be told by the broker "all right, we will see what we can do". The chances are, however, that the producer will not sell the butter.

Mr. WINTERS: You used the expression "higher than the market". Who sets the market?

Mr. SILVERWOOD: If you set a price on your butter that is higher than the price which the majority of those in the industry think is the correct price for butter, you are setting a price higher than the market.

Mr. LESAGE: The market is the figure at which the majority are ready to sell their butter.

Mr. SILVERWOOD: What is that?

Mr. LESAGE: The market price is the price at which the majority are ready to sell their butter?

Mr. SILVERWOOD: That is right.

Mr. JOHNSTON: Would the market price not be affected by certain concerns withholding their butter for sale? We had one concern, the Saskatchewan Co-operative Association who told us they withheld their butter awaiting a rise in price. Canada Packers also did the same thing. Now would not those concerns exert an influence on the market by reducing the available supply and increasing the demand? They would be increasing the price?

The chairman, Hon. Paul Martin, resumed the chair.

Mr. SILVERWOOD: I do not think I would like to comment on that remark other than to say that when I read the evidence of Mr. Turnbull it seemed to me it was a very small amount of butter that they were holding back as compared to the total amount available at the time.

Mr. LESAGE: Everyone says that his firm is withholding only a small amount, but when everyone says it, and when everyone withholds to get a better price, it has an effect?

Mr. SILVERWOOD: Well, if they did it together—

Mr. JOHNSTON: They are doing fairly well.

Mr. SILVERWOOD: I do not agree with that.

Mr. LESAGE: I do not say there was a combine but it just happened?

Mr. SILVERWOOD: I would not agree with that.

Mr. MONET: Is it not a fact that last fall everybody made a substantial and abnormal profit on stored butter?

Mr. SILVERWOOD: I do not think that anyone would deny that.

Mr. JOHNSTON: They held the butter for that very purpose.

Mr. SILVERWOOD: No, they did not necessarily hold it for that purpose. They held it to take care of their trade. In the case of firms such as ours, there are customers in every city in which we operate who are looking to us for the supply of butter the year round. If we want to have butter in the wintertime we must store it in the summertime and there is no argument there.

Mr. MONET: Did they not take care of their trade in the previous years?

Mr. SILVERWOOD: Yes, for stored butter. We store butter every year.

Mr. MONET: Apparently they all lost money in the previous years.

Mr. SILVERWOOD: That may be so.

Mr. MONET: How does it happen they made such a substantial profit last year?

Mr. SILVERWOOD: On a rising market they could not very well lose money.

Mr. MONET: Why did it rise more than the previous years?

Mr. SILVERWOOD: It was uncontrolled last year.

Mr. MERRITT: Is it not a fact that last year there were 5,000,000 pounds imported and this year none was imported; last year, butter was under rationing and this year butter is not under rationing, is that not correct?

Mr. SILVERWOOD: That is all true.

Mr. MERRITT: Does that not mean that, without rationing, there would be a greater demand for a fixed supply?

Mr. SILVERWOOD: Well, without rationing there is undoubtedly a greater demand. The figures show that. Even at the present time, of course, it is not as great as it was prior to rationing.

Mr. MACINNIS: If you take 1939, which was a normal year before rationing, you will find it is the year of the company's greatest loss.

Mr. IRVINE: I think this is a losing business.

Mr. MONET: Would it be correct to say this is a losing business except on stored butter?

Mr. SILVERWOOD: Well, I do not know that I would go that far.

The CHAIRMAN: It is difficult to follow when so many people are talking.

Mr. MONET: Mr. Silverwood, would you answer that question? Is the butter business a losing business? From what you and other witnesses have said, it would appear the butter business is a losing business except for stored butter in the year 1947?

Mr. SILVERWOOD: I can only say it has been a losing business for us. I am speaking for our company.

Mr. MONET: It has been an abnormally profitable business for stored butter during this last fall?

Mr. SILVERWOOD: Very unusual.

Mr. MONET: For you.

Mr. SILVERWOOD: I am just talking for myself.

Mr. LESAGE: Before we leave that statement 4, column F, what is included in that purchasing expense? Is it the cost of hauling the milk?

Mr. SILVERWOOD: The purchasing expense is the cost of picking up the fat at the farm and delivering it to the creamery.

Mr. LESAGE: And the average for that is 1·15?

Mr. SILVERWOOD: Practically 1 cent. 1·15 cents.

Mr. LESAGE: I am making a comparison with the statement of the Saskatchewan Co-operative and I find their cost is 1·2. It is about the same.

Mr. SILVERWOOD: We are pretty close there.

Mr. LESAGE: Yes. Your production expense is 3·27?

Mr. SILVERWOOD: Yes.

Mr. LESAGE: That is the cost of manufacture?

Mr. SILVERWOOD: That is the cost of manufacturing, plant, wages, uniforms, light, heat, power and so on.

Mr. LESAGE: Does it include the cost of supply?

Mr. SILVERWOOD: Yes.

Mr. LESAGE: The Saskatchewan Co-operative was 4·5. However, you have a selling expense they do not have. It is about the same.

Mr. SILVERWOOD: They might include factors in there which we included in indirect expenses. For instance, depreciation is one such item. Our depreciation is included in our indirect expenses and I do not know how they compiled their figures.

Mr. LESAGE: Their margin was 5·7 cents between the cost of the fat at the farmers and their total cost. You said you needed a 9 cent margin, 8 or 9 cents?

Mr. SILVERWOOD: I said 8 cents including our indirect expenses, Mr. Lesage, including everything. To break even, we would require 7·99 cents for that eleven months period.

The CHAIRMAN: Could you reach a convenient point in your questioning in order that we might adjourn until tomorrow as we wish to call an executive session tonight?

Mr. LESAGE: I have reached it when I say there is a difference of 2 cents between your cost and the Co-operative's cost.

Mr. MERRITT: I should like to refer to page 2 of statement 4, column P. Am I to understand from that column that over the last ten years, including the large profit of this recent year, your company has lost about \$500,000 on its sales of butter?

Mr. SILVERWOOD: That is right.

Mr. WINTERS: Just before we go into executive session I should like to ask one question relative to the point I raised yesterday about the alleged misuse of butter in Halifax. My question is has an investigation been conducted?

The CHAIRMAN: Yes. We are going to deal with that in a few moments.

Mr. WINTERS: An investigation has been conducted?

The CHAIRMAN: Yes.

Mr. WINTERS: Can you say before you go into executive session whether the findings bear out the allegations?

The CHAIRMAN: Counsel will advise that an investigation has been made, but in order to be effective you do not want to disclose your hand, do you?

Mr. WINTERS: I do not think that would disclose anybody's hand. What statement can counsel make now?

Mr. MONET: An investigation has been carried on, and we have results. We have some very valuable information which I have here, and which is ready to be given to the members of the committee. I am at the disposal of the members of the committee as to whether you want it to be given now or in a few minutes. I am entirely in your hands. I think what I have is very valuable information.

Mr. JOHNSTON: I think it should be given to the committee first and then it should be decided whether or not it should be made public.

The CHAIRMAN: It will be clearly understood it will be made public, but the committee will have to decide the appropriate time in order not to defeat its purpose.

Mr. MONET: I am able to state I believe it is very valuable information.

Mr. LESAGE: Could it not be made public? Would there be any objection to the information being made public?

Mr. MONET: That is entirely up to the members of the committee.

Mr. LESAGE: We do not know what the information is.

The CHAIRMAN: We are in your hands Mr. Monet. It is desirable to give as much information to the public as possible, and as quickly as possible—

Mr. MONET: Well, Mr. Chairman—

The CHAIRMAN: Just a minute—sometimes you achieve your purpose better and give the public more by doing it at the right time. We are in your hands, Mr. Monet.

Mr. MACINNIS: I think the point is that if the investigation has been completed and there is nothing further to be brought out it appears to me there is no

object in holding back the result, but if the investigation is not complete then there may be a reason for holding back. If it is not complete we had better not divulge the information we have until we complete it.

The CHAIRMAN: Counsel says he would prefer to wait at this stage. We will now have an executive session of the committee.

Mr. WINTERS: When will we have a statement?

The CHAIRMAN: We will have an executive session right now.

The committee adjourned to meet again on Thursday, April 8, 1948, at 11 o'clock a.m.

Canada Price Review Committee on
1947/48
(SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 33

THURSDAY, APRIL 8, 1948

WITNESSES:

- Mr. E. G. Silverwood, President, Silverwood Dairies, Limited, London, Ont.
Mr. J. H. Duplan, Executive Vice-President, Silverwood Dairies, Limited, and President of The National Dairy Council of Canada, London, Ont.
Mr. J. H. Gillies, Vice-President and Treasurer, Silverwood Dairies, Limited, London, Ont.
Mr. Maurice Gauthier of Pelchat & Gauthier, Jewellers, Montreal, Que.
Mr. Paul Pelchat of Pelchat & Gauthier, Jewellers, Montreal, Que.
Mr. David Bernier, Butter-man, Jersey Brand Products, Montreal, Que.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948



ORDER OF REFERENCE

THURSDAY, 8th April, 1948.

Ordered,—That the name of Mr. Thatcher be substituted for that of Mr. MacInnis on the said Committee.

Attest

ARTHUR BEAUCHESNE,
Clerk of the House.

MINUTES OF PROCEEDINGS

THURSDAY, April 8, 1948.

The Special Committee on Prices met at 11.00 a.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Fleming, Harkness, Homuth, Irvine, Johnston, Lesage, MacInnis, Martin, Mayhew, Merritt, Pinard, Winters.

Mr. Fabio Monet, K.C., Counsel to the Committee, in attendance.

Mr. E. G. Silverwood, President, Mr. J. H. Duplan, Executive Vice-President, and Mr. J. H. Gillies, Vice-President and Treasurer, Silverwood Dairies, Limited, London, Ontario, were recalled and Messrs. Silverwood and Duplan further examined.

Mr. Duplan also read a statement in his capacity as President of The National Dairy Council of Canada.

During the examination of Mr. Duplan, Mr. Sinclair, M.P. (Vancouver) was granted leave to ask questions.

At 1.00 p.m. witnesses discharged and the Committee adjourned until 4.00 p.m. this day.

AFTERNOON SITTING

The Committee resumed at 4.00 p.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Beaudry, Fleming, Harkness, Irvine, Johnston, Lesage, Martin, Mayhew, Pinard, Winters, Thatcher.

Mr. Fabio Monet, K.C., Counsel to the Committee in attendance.

Mr. Maurice Gauthier and Mr. Paul Pelchat of Pelchat & Gauthier, Jewellers, and Mr. David Bernier, butter-man, Jersey Brand Products, all of Montreal, appeared accompanied by Counsel, Mr. Jean Drapeau, Montreal, who made a brief statement.

Mr. Gauthier was called, sworn and examined.

Witness discharged.

Mr. Pelchat was called, sworn and examined.

Witness discharged.

Mr. Bernier was called, sworn and examined.

Witness retired.

NOTE:—The English translation of the evidence given in French by Messrs. Gauthier, Pelchat and Bernier appears in appendix to this day's proceedings.

Mr. Winters referred to reports from Halifax, N.S., to the effect that inferior butter had been put on the market at the first-grade price. He moved:

That in the light of the circumstances, in the public interest and within the terms of the Committee's reference, responsible officers from the head office of Canada Packers Limited and a responsible official from their local (Halifax) office be subpoenaed to appear before this Committee at the earliest possible date.

Motion carried on division.

The Committee adjourned at 6.15 p.m. until Friday, April 9, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

APRIL 8, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Chairman, Hon. Paul Martin, presided.

The CHAIRMAN: The meeting will come to order.

As pre-arranged and indicated the other day, this afternoon at 4.00 p.m. we will start investigating the Montreal situation which has been brought to our attention; that is the supplying of butter as an inducement to sales of other commodities, notably jewelry. Now Mr. Winters has something to say.

Mr. WINTERS: I would like to follow on from the point which we reached last evening with respect to the situation in Halifax where it is alleged that retailers have sold third grade butter at first grade butter prices. You will recall that on Tuesday I asked that an investigation be conducted and I would like counsel to say now whether action has been taken to investigate?

The CHAIRMAN: Mr. Monet, would you reply please?

Mr. MONET: Mr. Chairman, Mr. Spence is here this morning. He and I worked together on this matter right up until last night and I have also been in touch with him this morning. I would rather that Mr. Spence report to you now.

Mr. W. F. SPENCE, Enforcement Administrator, Wartime Prices and Trade Board: An investigation by investigators of the Wartime Prices and Trade Board in Halifax has been proceeding for the last week. Preliminary reports are in the hands of enforcement counsel and I have received a telephonic summary of those reports.

Mr. WINTERS: Can you say whether the reports indicate any illegal or even irregular practices on the part of the retailers?

Mr. SPENCE: The reports show such allegations are founded from what I have been able to determine as a result of this preliminary type of investigation. I have not seen even one document myself but it would appear that there have been irregularities or infractions of the order.

Mr. WINTERS: Well, Mr. Chairman, the retailers in Halifax are operating at a disadvantage and under a stigma. Whether that stigma is real or otherwise remains to be seen, but in view of the situation I would say that it is essential that the investigation be pressed forward as quickly as possible so that the non-offenders may be cleared and the offenders prosecuted where necessary. If there have been abuses within the scope of the terms of reference of this committee I will expect the offenders to be subpoenaed to attend before this committee in the same way as those involved in the Montreal situation.

The CHAIRMAN: Yes, well that will be done. It should be stated now that the full committee has considered the matter and no time is being lost in bringing the investigations to an expeditious conclusion.

Mr. FLEMING: Well, Mr. Chairman, in connection with the remarks made by Mr. Winters—

Mr. MacINNIS: Mr. Chairman—

The CHAIRMAN: Counsel is attending to the problem.

Mr. MACINNIS: I would like to ask Mr. Spence whether the Wartime Prices and Trade Board investigation has reached a point where legal action against the person involved is contemplated?

Mr. SPENCE: I think in answer to that question I should explain the procedure. An investigation is made by the investigators in or working out of the appropriate office which in this case is Halifax. The reports of the investigators are submitted to the enforcement counsel, that is the lawyer acting for the board in that region. In many cases counsel requires further information and when he has a full report and is ready to take action he forwards the report to the enforcement administration in Ottawa. The investigation in Halifax has only proceeded to the point where the investigators have made reports which are being scanned by the enforcement counsel who, at the moment, does not know whether he requires further information before sending the full report to Ottawa.

Mr. WINTERS: Is the board able to name any of the persons involved at this stage?

Mr. SPENCE: I do not think it is proper to name them until charges are issued against them.

The CHAIRMAN: In any event no time is being lost?

Mr. SPENCE: No.

Mr. FLEMING: If there is evidence of offences against the law I would feel that bringing these people to Ottawa would not be the most expeditious way to handle the situation. Why not let the Wartime Prices and Trade Board go ahead with their investigations? I would say that it is not a wise thing to bring these people here to Ottawa.

The CHAIRMAN: Well, Mr. Fleming, yesterday we discussed this whole matter in executive session and you have not been told what transpired.

Mr. FLEMING: No, but I am commenting on the point raised by Mr. Winters when he suggested that these people be brought here if the irregularities are discovered.

Mr. WINTERS: I used the words "irregularities within the scope of the terms of this committee".

Mr. FLEMING: It is a good way to slow down the investigation.

The CHAIRMAN: I think, Mr. Fleming, if you were aware of the decision reached by the committee you would not make that observation.

Mr. FLEMING: Are you going to make that decision public, Mr. Chairman?

The CHAIRMAN: We certainly are.

Are you ready Mr. Monet?

Mr. MONET: Yes.

Edward Gordon Silverwood, President, Silverwood Dairies Limited, recalled:

John Harold Duplan, Executive Vice President, Silverwood Dairies Limited, recalled:

John Harold Gillies, Vice President and Treasurer, Silverwood Dairies Limited, recalled:

Mr. MONET: Coming back to statement No. 6, page 1, exhibit 71, and column 8, Mr. Silverwood, you show there a profit of 11.41 cents per pound on storage butter for the eleven months ending February 28, 1948?

Mr. SILVERWOOD: Pardon me, I think you should be referring to column 9?

Mr. MONET: Yes, the last column on storage butter on statement No. 6, exhibit 71. You show there a profit of 11·41 cents.

Mr. SILVERWOOD: That is correct.

Mr. MONET: This average per pound would be on 1,137,556 pounds as shown in column H?

Mr. SILVERWOOD: That is correct.

Mr. MONET: Do I understand you to say also, in your evidence given yesterday, Mr. Silverwood, that the average of 1·13 cents shown in column G under the heading 'current butter' must be added to the figure of 11·41 cents?

Mr. SILVERWOOD: Yes, that is correct. The figure would be 11·41 plus 1·13 in the case of the storage butter.

Mr. MONET: So that would make an average per pound of 12·54 cents or a total of 1,137,556 pounds?

Mr. SILVERWOOD: 12·54, that is correct.

Mr. MONET: Now would this margin per pound of profit be a gross margin or a net margin?

Mr. SILVERWOOD: That is a gross margin

Mr. MONET: It is a gross margin and what charges should be made against that margin?

Mr. SILVERWOOD: The charges of indirect expense. I might say that on statement 5, page 2, we list a number of items that make up the indirect expense. I am referring to the column just at the bottom of the page.

Mr. MONET: Do you mean to say that all those indirect expenses would be charged against the storage butter?

Mr. SILVERWOOD: They would be charged against all the butter, Mr. Monet.

Mr. MONET: Charged against your stored butter would you not have only the interest on the capital involved in your storage? We were told by another company that was the only charge which they made against that butter. Is there a difference in your firm?

Mr. SILVERWOOD: Yes, we have arrived at a gross profit which is a gross trading profit before any of these indirect expenses are charged. We show our gross trading profit on our total sales in column P of statement 6, page 2, and the figure is 5·17 cents.

Mr. MONET: That is for all the butter?

Mr. SILVERWOOD: That is right.

Mr. MONET: I am now talking only of storage butter and I would like you to tell the members of the committee what charges you make against the average gross profit per pound to which you have just referred?

Mr. SILVERWOOD: Well we have spread our indirect expenses over our total butter, as I explained yesterday, on a unit basis and the same charge is applicable to storage butter as is applied against butter which simply comes from the current account.

Mr. MONET: So the same charge is applicable to both your operations?

Mr. SILVERWOOD: To both operations, yes.

Mr. JOHNSTON: Mr. Silverwood, what about the butter that you bought and put in storage? Would your charge for overhead apply there as well?

Mr. SILVERWOOD: In the same way.

Mr. LESAGE: In the same proportion?

Mr. IRVINE: That is why there is a loss.

Mr. LESAGE: Would you apply the charge in the same proportion?

Mr. SILVERWOOD: In the same proportion.

Mr. LESAGE: Whether you manufacture the butter, whether you buy it, or whether you store it your charge is the same?

Mr. SILVERWOOD: I tried to point out yesterday, Mr. Lesage, that our accounting system does not give that information. In other words, we do not spread our indirect expenses over all the products to arrive at a net profit for each product. We have figured it out in this way more or less arbitrarily to try and give you the information you want and to give a net result that we think is approximately correct.

Mr. LESAGE: On what basis do you make your calculations?

Mr. SILVERWOOD: We make our calculations on a unit basis as I explained yesterday. For instance, we take one pound of butter as one unit, one dozen eggs as one unit, and so on. I went over that list yesterday.

Mr. JOHNSTON: You have not got the total profit you made on storage butter which you bought?

Mr. SILVERWOOD: Separately?

Mr. JOHNSTON: Yes.

Mr. SILVERWOOD: No, we do not show that separately.

Mr. JOHNSTON: You did have a number of pounds of storage butter which you bought and put in storage.

Mr. SILVERWOOD: Yes, that is included.

Mr. JOHNSTON: But there is no statement to show the profit you made from the butter which you bought and then put into storage and that might have been a considerable amount or, of course, it may not have been so much?

Mr. SILVERWOOD: The butter we bought goes into storage and it is charged into storage at our cost. It is charged out of storage or credited out of storage at the current price, the market price at the time it goes out. Any profit we make is included in this profit of 11.41 cents per pound. That figure includes some of our own make that is in storage and some we purchased outside. In other words all the butter in storage is included.

Mr. LESAGE: What was the unit basis for milk?

Mr. SILVERWOOD: Two quarts.

Mr. MAYHEW: Does your statement mean that you had 9.9 cents per pound net profit? Apparently you add the figures 11.41 and 1.13 which amounts to 12.54 cents gross?

Mr. SILVERWOOD: Yes.

Mr. MAYHEW: And then your indirect expense is 2.64 which would leave you a net of 9.9 cents?

Mr. SILVERWOOD: Yes, that would be approximately right, I think, on storage butter, Mr. Mayhew.

Mr. MONET: That would be a net profit on 1,137,556 pounds of storage butter?

Mr. SILVERWOOD: Yes, Mr. Monet.

Mr. MONET: Now at the end of February 1948 did you have any of this storage butter left on hand?

Mr. SILVERWOOD: At the end of February 1948 did you say?

Mr. MONET: Yes, at the end of this year, the present year.

Mr. SILVERWOOD: Yes, I can give you that.

Mr. MONET: I am only talking now of storage butter.

Mr. SILVERWOOD: On February 28, 1948, we had 145,323 pounds of storage butter.

Mr. IRVINE: February when?

Mr. MONET: February of 1948.

Mr. SILVERWOOD: That is right.

Mr. MONET: Can you tell the members of the committee what this butter to which you have just referred cost your firm?

Mr. SILVERWOOD: The average cost of that butter which was on hand on February 28 was 51·96 cents.

Mr. MONET: Now have you sold some of this butter since the end of February 1948?

Mr. SILVERWOOD: We have sold all of it.

Mr. MONET: At what price?

Mr. SILVERWOOD: At the ceiling price or at a $\frac{1}{4}$ of a cent less. For some of the butter we did not receive 67 $\frac{1}{4}$ cents, we received 67 cents.

Mr. MONET: For these 145,323 pounds which you still had on hand at the end of February 1948?

Mr. SILVERWOOD: That is right.

Mr. MONET: And that butter cost you on an average 51·96 cents per pound?

Mr. SILVERWOOD: Yes, that is correct.

Mr. MONET: Now, the difference between those two figures would be the gross margin?

Mr. SILVERWOOD: The gross margin.

Mr. MONET: And against that gross margin what would be your charges?

Mr. SILVERWOOD: The indirect expense items.

Mr. MONET: 2·59 cents?

Mr. SILVERWOOD: Yes, or whatever the figure is.

Mr. MONET: Would you tell the members of the committee what your net profit would be on those 145,323 pounds of butter?

Mr. SILVERWOOD: The net profit would be approximately 12·65 cents.

Mr. MACINNIS: May I ask a question there? Does the 145,323 pounds include all the butter bought at 51·69 cents and sold at 67 or 67 $\frac{1}{4}$ cents?

Mr. SILVERWOOD: I am sorry, I do not think I quite understand that. What was the figure you quoted?

Mr. MACINNIS: You gave the amount of butter you had at the end of February, 1948, as 145,323 pounds?

Mr. SILVERWOOD: That is correct.

Mr. MACINNIS: The average cost price of that was 51·96?

Mr. SILVERWOOD: Correct.

Mr. MACINNIS: You sold it at a price of 67 or 67 $\frac{1}{4}$ cents?

Mr. SILVERWOOD: Correct.

Mr. MACINNIS: Now, was that the total amount of butter that was bought for the price indicated and sold at the price indicated?

Mr. SILVERWOOD: No, that was an average price of that butter remaining in storage at that date.

Mr. MACINNIS: How much butter, then, was in storage at this price and sold at the price mentioned?

Mr. SILVERWOOD: The butter goes into storage, as I explained, at the market price at the time it goes in, and to that is added the carrying charge, which includes storage and interest and so on; so that the average cost of the butter going in originally gradually builds up a little during the season to the extent of the carrying charges. Does that help?

Mr. MACINNIS: It does not help very much. What I should like to know is the amount of butter, in pounds, bought at the average price of 51·96 cents and sold at the average price of 67 or 67½ cents?

Mr. SILVERWOOD: I do not know. I may be a little dull this morning, but I do not know what you are trying to get at. Would it help to—

Mr. MACINNIS: I wonder if I could get at it this way: you store butter at a certain season of the year?

Mr. SILVERWOOD: That is right.

Mr. MACINNIS: Then, when did you stop storing butter?

Mr. MAYHEW: When did you stop taking it into storage?

Mr. MACINNIS: Yes?

Mr. SILVERWOOD: Early in October we started to take it out of storage, on the 15th of October, so prior to that we were probably putting it in—perhaps not to a large extent in October.

Mr. MACINNIS: Perhaps now you could tell me how much butter you had in storage in October?

Mr. SILVERWOOD: Yes, I could. I could tell you how much we had in storage practically any time during the year.

Mr. MACINNIS: Well, tell me the amount of storage butter you had at the end of October?

Mr. SILVERWOOD: On the 1st of November we had 1,089,466 pounds.

Mr. MACINNIS: Would that butter be bought at the average price of 51·96?

Mr. SILVERWOOD: At that time, Mr. MacInnis, the average cost was 51·08 cents.

Mr. MACINNIS: A little less?

Mr. SILVERWOOD: A little less.

Mr. MACINNIS: Would all of it, or most of it, have been sold at 67½ or over that?

Mr. SILVERWOOD: On the 1st of November the market was 58 cents, Toronto solids.

Mr. JOHNSTON: How much did you sell at that price?

Mr. SILVERWOOD: I do not believe I could answer that question very readily. We were taking it out of storage continually from the 15th of October in order to meet our sales requirements and it was sold at the prevailing market at the time we took it out. I could not tell you how much we sold at 58 cents.

Mr. MACINNIS: One other question and then I am finished. What was the top price at which the storage butter was sold?

Mr. SILVERWOOD: The top price was 69½ cents on the Toronto solids market, to the best of my knowledge, Mr. MacInnis, which was in the month of January, 1948, just prior to the control. It dropped slightly to 67½ after that.

Mr. MAYHEW: Do you aim at making a profit on your cold storage operation? In other words, would there be, in addition to the profit you have here from the merchandise, a profit on the cold storage operation?

Mr. WINTERS: What was the question, Mr. Chairman?

Mr. MAYHEW: Do you plan on making a profit on the storage of butter as well as the sale of butter? In other words, when he puts butter into cold storage he puts it in at a certain price. Then, he transfers it at another price and does that price include a profit on the cold storage operation?

Mr. SILVERWOOD: No, there would not be because we simply charge, on our own butter, the actual cost of storing. We do not show a profit from storage on the butter we store ourselves. If we were storing butter for an outside firm, we would charge the regular storage charge and there would be a profit on that.

Mr. MONET: You do not charge your own butter an amount to show a profit on storage operation?

Mr. SILVERWOOD: Just the actual cost.

Mr. MONET: And that is included in the indirect expenses?

Mr. SILVERWOOD: Yes.

The CHAIRMAN: We have three other witnesses here and we hope to hear them today.

Mr. MONET: Just to follow Mr. MacInnis' line of questioning for a moment, I understand the average margin of profit on your stored butter was the 11.41 cents mentioned in your statement?

Mr. SILVERWOOD: That is correct.

Mr. WINTERS: That includes all profit along the line?

Mr. SILVERWOOD: No, it does not, Mr. Winters. That 11.41 is the profit, the difference between the price charged into storage and out of storage.

Mr. WINTERS: That is what I thought it was.

Mr. MONET: And to this you have to add the 1.13 cents in column G on current butter?

Mr. SILVERWOOD: Yes.

Mr. MONET: Have you any butter on hand at the present time?

Mr. SILVERWOOD: I have that figure here. On April 1 we had on hand 73,954 pounds of butter. I might just point out that that is not storage, that is total butter. We do not have anything in storage, that is the total butter on hand in the current account. This represents approximately two days' sales on our normal sales of 600,000 pounds a month.

Mr. MONET: You mean you had a supply equal to two days' sales?

Mr. SILVERWOOD: We had approximately a two days' supply of butter on hand the 1st of April, that is 73,000 and we are selling approximately 35,000 pounds of butter a day.

Mr. MONET: So, if you satisfied your ordinary customers, you had about a two days' margin?

Mr. SILVERWOOD: That is it.

Mr. MONET: That was on April 1?

Mr. SILVERWOOD: April 1.

Mr. FLEMING: Does that mean the two days' supply has gone now?

Mr. SILVERWOOD: We are making butter every day, Mr. Fleming. We will probably, in the month of April, make approximately 300,000 pounds of butter. We will certainly be short of butter in April because our normal sales requirements are about 650,000 pounds a month.

Mr. MONET: That means you would be able to supply your customers with about 50 per cent of their regular demand?

Mr. SILVERWOOD: Yes, approximately, if the make keeps up fairly well.

Mr. MONET: Everything being normal, you will be able to supply your customers with about 50 per cent of their requirements?

Mr. SILVERWOOD: Yes.

Mr. FLEMING: Until the first of May?

Mr. SILVERWOOD: Yes.

Mr. FLEMING: Just when do you expect your current production—

Mr. MONET: When do you expect a more normal situation?

Mr. SILVERWOOD: About the first of May, I think, production will catch up.

Mr. MONET: Will catch up to the demand?

Mr. SILVERWOOD: I think about May 1, it would.

The CHAIRMAN: Perhaps a little before that?

Mr. SILVERWOOD: The only reason I would question that is because everybody is out now. There are no stocks on hand at all, Mr. Martin.

Mr. MONET: I understand that at the present time you are supplying your customers at a rate of about 50 per cent of their demand. How do you proceed to do that?

Mr. SILVERWOOD: Just recently, we have not been giving our customers that much. I would say they have been getting nearer 25 per cent of their demand. For probably about six weeks they have been getting 50 per cent of their demand, but quite recently they have been getting less than that.

Mr. MONET: This would allow you, I presume, to keep on selling as long as possible until the normal situation returns?

Mr. SILVERWOOD: That is right.

Mr. MACINNIS: You ration your customers?

Mr. SILVERWOOD: Yes, we have our dealers on a quota. They are just getting a percentage of their normal requirements.

Mr. MONET: You sell butter to retail stores?

Mr. SILVERWOOD: We sell most of our butter to retail stores. When I speak of selling to the trade, we are selling most of our butter, about 68 per cent. to the stores.

Mr. MONET: You also sell direct to consumers?

Mr. SILVERWOOD: We sell direct to consumers from our milk wagons. 28 per cent of our total sales in the eleven months to date, have been from the milk wagon direct to the consumers.

Mr. MONET: Since the shortage developed within the last few weeks, have you applied the same policy to the stores and to the consumers, or have you given more to the retail stores or more to the consumers?

Mr. SILVERWOOD: I think the tendency is to favour the milk customer slightly, but we do not attempt to take on new business. We are attempting to supply, as best we can, our regular milk customers. We cannot begin to take on any additional customers.

Mr. MONET: With regard to this policy you have been following lately, do you supply the same proportion of butter, if I may express it that way, to the retail stores as to the consumers, or do you sell more to the retail stores than to the consumers?

Mr. SILVERWOOD: I think to be absolutely honest about it the consumer has had a slight advantage. I think he has had a little better break than the retail stores.

Mr. MAYHEW: In other words, he is getting a little better than the 25 per cent?

Mr. SILVERWOOD: Yes, I think so.

Mr. MONET: That is what I wanted to bring out. Would you tell the members of the committee whether the butter delivered to the stores is delivered by the same milk wagon as delivers to the consumer?

Mr. SILVERWOOD: Yes. We deliver by the same wagon in many cases, and in certain places we have trucks that deliver produce only. That is butter, cheese and eggs.

Mr. MONET: Is it sold at the same price to the consumer as to the retail store?

Mr. SILVERWOOD: The retail store pays the Toronto solids price plus 2 cents if it is in prints. The consumer pays 3 cents over that to cover the cost of delivery and putting the butter in a separate carton, and so on.

Mr. LESAGE: Are your drivers on a commission basis?

- Mr. SILVERWOOD: Our milk drivers are on a commission basis.
- Mr. LESAGE: And there is a commission on butter?
- Mr. SILVERWOOD: Their commission is 1 cent a pound on butter.
- Mr. MONET: Has your company ever suggested, or do you suggest the retail prices to the stores for the sale of your butter?
- Mr. SILVERWOOD: I do not quite understand you.
- Mr. MONET: Have you ever suggested the retail price?
- Mr. SILVERWOOD: Have we suggested to the stores they should sell our butter at a certain price?
- Mr. MONET: Yes.
- Mr. SILVERWOOD: No.
- Mr. MONET: Never?
- Mr. SILVERWOOD: Never.
- Mr. JOHNSTON: But you do to the wagons?
- Mr. SILVERWOOD: Naturally we set the price to the consumer for the butter that is sold directly to our milk customers, yes.
- Mr. MACINNIS: That is your price?
- Mr. SILVERWOOD: That is our price.
- Mr. MONET: I have no more questions to ask this witness.
- Mr. MACINNIS: I have one or two. On page 2 of statement No. 5 you gave a list of what is included in indirect expenses. What is indirect advertising?
- Mr. SILVERWOOD: I am going to suggest that Mr. Duplan answer that question. He is in charge of our advertising, as a matter of fact.
- Mr. DUPLAN: That really is the portion of general advertising that has to do with the sale of butter. Our advertising is set up on a budget basis each year, and on the same basis or a similar basis the assessment of indirect expenses. The advertising portion that applies to butter would be included in that particular item.
- Mr. MACINNIS: It would be in ratio to the total amount of your business?
- Mr. DUPLAN: To the total.
- Mr. MACINNIS: The next item following that is "donations". What donations do you include in that?
- Mr. SILVERWOOD: All donations would be included in that, for instance, to the Red Cross. We are operating in so many localities that I sometimes think our firm perhaps is hit up for perhaps a little more than their share of donations to public charities because we get all the particularly local charities in addition to those of a dominion-wide nature such as the Red Cross, and so on.
- Mr. MACINNIS: You have mentioned charities. Would they all be donations to charitable institutions with respect to which you are allowed an exemption on income tax?
- Mr. SILVERWOOD: In the main, I think, yes.
- Mr. MACINNIS: Well, as to any donation where you are allowed exemption in income tax it would not be an expense, would it?
- Mr. SILVERWOOD: It would not be a total expense, no.
- Mr. MACINNIS: You would get a return.
- Mr. SILVERWOOD: It would be an expense but it would not be a 100 per cent expense. Mr. Gillies has given me a list of donations. I do not know whether or not you would be interested in it. There is a long list here of the different charities we donated to.
- Mr. PINARD: Are all these donations in money or are some of them in butter?

Mr. SILVERWOOD: These are donations in money. There is a list here of about 30 or 40, I think.

Mr. MACINNIS: I am not asking for them.

The CHAIRMAN: Any other questions?

Mr. MONET: I have one more question.

The CHAIRMAN: Excuse me, Mr. Irvine has a question.

Mr. IRVINE: I wanted to ask a question on the balance sheet. I want to get some assurance as to what these figures mean, if you would not mind turing to that. Can you tell me what exactly is the total capital invested in your company?

Mr. SILVERWOOD: I am going to suggest that Mr. Gillies answer that question or endeavour to answer it for you.

Mr. GILLIES: The calculation of the capital invested as at March 31, 1947, amounted to \$5,610,000. There are many things enter into that as far as our company is concerned because there have been a great many ramifications, changes in the capital structure, and so on, but to substantiate that, Mr. Irvine, I may say the combined standard profit basis granted by the board of referees for the companies included in that statement is an amount of \$425,000. If you take the average percentage allowable by the board of referees, which is from 5 to 10 per cent, and take an average of $7\frac{1}{2}$ per cent on the \$425,000 it amounts to \$5,666,000.

Mr. IRVINE: Are you arriving at the amount of your capital by figuring from your profits or the other way?

Mr. GILLIES: From the actual capital invested in the companies. That, of course, changes with each statement.

Mr. IRVINE: Do you not think this figure of \$4,451,267 is rather an ungodly size for a depreciation reserve?

Mr. GILLIES: Of course there is accumulation of depreciation for the past 20 years. Those funds of course, are reinvested in further capital assets in the company. There is a gradual building up year after year.

Mr. FLEMING: Has that not been reviewed by the income tax department?

Mr. GILLIES: Yes.

Mr. FLEMING: Year by year?

Mr. GILLIES: Very exhaustively.

Mr. IRVINE: If I were to ask you, for instance, what percentage of profit you made on your entire capital what would it be?

Mr. GILLIES: The profit made for the year ending the 31st of March, 1947, on that capital investment would be 9.4 per cent.

Mr. IRVINE: Would that include just the \$5,000,000 capital?

Mr. GILLIES: Just the \$5,610,000.

Mr. MAYHEW: Before tax?

Mr. GILLIES: After tax.

The CHAIRMAN: Any other questions?

Mr. MONET: You just mentioned a minute ago, Mr. Silverwood, a 2 cent difference between solids and prints. I see by the administrator's order there should be only 1 cent difference. Would you have made a mistake there? Have you any information to give us on that? The administrator's order filed as exhibit 54 gives a 1 cent margin between solids and prints for first grade butte to all buyers except wholesalers. I want it to be corrected if there is a correction to be made in your evidence. I think in one of your last answers you said it was 2 cents.

Mr. SILVERWOOD: Two cents over the Toronto solids price.

Mr. MONET: According to the administrator's order the difference between solids and prints for all other buyers of first grade butter is only 1 cent?

Mr. SILVERWOOD: That is correct, 1 cent.

Mr. MONET: I wanted that to be corrected.

The CHAIRMAN: Is there anything else?

Mr. MONET: That is all.

Mr. FLEMING: Mr. Chairman, there is one question I should like to ask which arises out of an announcement that has been made this morning. I presume the committee is aware of it.

Mr. LESAGE: Would you speak up, please?

Mr. FLEMING: I should like to ask one question arising out of the announcement of the Wartime Prices and Trade Board this morning to the effect that as a result of the freight rate rise manufacturers and wholesale distributors of butter will be permitted to increase their selling price by the exact amount of the increase in transportation costs. The order effective today allows the increased cost to be added by the manufacturer only on sales of butter on which he has incurred a higher cost in delivering the butter to the buyer. I wonder if the witness can give us any assistance at all as to what this may mean with respect to butter hereafter marketed, as affecting the present selling price of butter.

Mr. SILVERWOOD: I do not believe I would like to hazard a guess on that.

The CHAIRMAN: Any other questions? All right, Mr. Monet.

Mr. MONET: Mr. Chairman, at this time Mr. Duplan, who is President of the National Dairy Council of Canada, will read the statement he has prepared and which has been distributed to the members of the committee. It has reference to the questions that were asked of Mr. McLean at page 1434 of the minutes of proceedings and evidence, No. 29, of March 22. In answering the questions asked there of Mr. McLean there was a reference to Mr. Duplan in his capacity as president of the National Dairy Council. That is the reason the memorandum has been prepared. I would ask Mr. Duplan to read this statement to the committee. He did not ask to submit it. It is to answer the questions asked at that time.

John Harold Duplan, President, National Dairy Council of Canada, called.

The WITNESS: Mr. Chairman and members of the special committee on prices: In response to your request I am happy to submit the following information.

In the hope and belief that such action will be beneficial to the committee, I would respectfully submit the following statement concerning the position of the operating division of the Canadian dairy industry, as represented by the National Dairy Council of Canada, with reference to the price and supply situation which has developed with regard to butter.

On March 31, 1947, all import controls on butter were removed by the Dominion government and with a view to determining the possible effect of such action on the industry in Canada, the Secretary of the Council, by letter dated June 19, 1947, contacted Mr. F. Griffin, Montreal, representing Empire Dairies in London, England, New Zealand and Australia, and Overseas Farmers' Co-op Fed., Ltd., London, England, and enquired of him as to domestic and export prices for butter in New Zealand, Australia and the Argentine, and as to any subsidies that were being paid which would have a bearing on such domestic and export prices. Mr. Griffin was also requested to indicate the approximate laid-down cost at Montreal on butter imported from the countries mentioned.

By letter addressed to the council under date of June 25, 1947, Mr. Griffin replied that contract prices on butter and future commitments between the United Kingdom, New Zealand and Australia had not been established at that time, but that it was expected they would be established during the month of July, 1947.

During the week of August, 10, 1947, Mr. Griffin met with the secretary of the Council in Ottawa, and indicated that favourable production prospects in New Zealand suggested the possibility that butter imports from that country might be made available to Canada. On the basis of this information a meeting was held in Montreal on August 18, 1947, attended by the then president of the National Dairy Council of Canada, Mr. R. C. Smellie, the secretary, Mr. W. K. St. John, Mr. K. H. Olive, Olive and Dorion Limited, Montreal, and Mr. F. Griffin, Montreal. Developments arising out of this meeting were subsequently reviewed in a letter dated March 19, 1948, addressed to Mr. K. H. Olive from Mr. F. Griffin, and made available to me for the purpose of quoting to the committee at this time. I quote therefrom as follows:

K. H. Olive, Esq., President,
Olive and Dorion Ltd.,
722 St. Paul St. W.,
Montreal, Quebec.

Dear Mr. OLIVE: I have pleasure in confirming briefly the endeavours this office made during the second half of 1947, through our principals in New Zealand and Australia, the main suppliers of butter to Canada in past years, when, on behalf of the trade and industry, you had us try to arrange supplies from those countries, in order to prevent a shortage and extreme price rise here this winter.

On your approaching us the middle of August, at the instigation of the National Dairy Council and the larger distributors, we exchanged several cables with New Zealand and Australia, suggesting incidentally that the dollar proceeds could be credited to the United Kingdom on such quantity as the British Ministry of Food could release. Our New Zealand principals took the matter up with their government, but advised by the beginning of September that, after careful consideration, the New Zealand Dairy Commission could not see their way to supply. Our Australian principals replied that the matter should be taken up by our government with the Ministry of Food, London, but we do not know whether the authorities at Ottawa acted on this suggestion.

When you again specifically approached us at the end of November prior to a meeting at Ottawa, with a view to trying New Zealand again for a modified quantity, our principals there replied that there was no possibility of supplying Canada.

The above sets forth very briefly the telegraphic endeavours I made at your request through our commercial connections. You will recall that we agreed that further efforts were useless and that the matter was one for arrangement between the Canadian and United Kingdom governments.

Yours Very truly,

(signed) F. Griffin.

Under instructions from the then president of the council, Mr. Smellie, a meeting of the board of directors was called to be held in Ottawa September 16 and 17, 1947. Notice of this meeting was sent out by the secretary of the council on August 15, 1947.

Because of the important bearing the deliberations of this meeting of the board of directors would appear to have upon the subject of your committee's

hearings on butter, I should like to read excerpts from the summary of minutes prepared following the conclusion of the meeting. I quote therefrom as follows:

Present: R. C. Smellie, president; G. M. Carlyle, vice-president; Lea Marshall, vice-president; W. R. Aird, E. Baechler, M. P. Coyle, J. H. Duplan, J. J. Creighton, A. W. Edgar, D. F. Farris, L. P. Granger, J. E. Graydon, A. E. Johnson, E. A. Johnstone, E. A. Lewis, J. E. McLean, C. G. MacLennan, C. E. McMonagle, J. W. Speirs, J. S. Turnbull, K. L. Wallace and W. K. St. John, secretary treasurer.

The meeting commenced at 10.00 a.m. on September 16, and was called to order by the president, R. C. Smellie.

Supply and Distribution of Dairy Products: A substantial portion of the time of the meeting was devoted to consideration of the present and prospective supply picture with a view to determining ways and means of making available to the consumers of Canada the largest possible supplies of dairy products, and exploring methods of assuring the most equitable basis of distribution. Mr. K. H. Olive, as an active member of the council, sat in during these discussions, and presented his views as to anticipated developments with respect to production, distribution and price. The directors from all provinces, with the exception of Prince Edward Island, undertook a careful study of the butter situation and contributed their opinions as to production trends and supply and consumption prospects.

It was the general impression that as a result of an expected increased production in almost every province within the past month, the whole picture had become somewhat brighter. There was general agreement that the trend was towards higher fall and winter production, with the upward trend particularly strong in the west. Should fall pasture conditions remain fair it was felt that a substantial increase in production of butter might be expected this fall and winter, compared with the 1946-47 season. The prevailing good price for cream was generally given credit for this trend, and the consensus of opinion was that under favourable conditions an increase of approximately 10,000,000 pounds of butter might be expected during the remaining months of 1947, as compared with the corresponding period in 1946.

Despite this increase it was realized by all present that the supply position would continue to be tight. Two of the contributing factors are—the increase in consumption and the fact that compulsory distribution machinery no longer exists. It was estimated that the total increase to March 31, 1948, would exceed production in the corresponding period in 1946-47, by approximately 14,000,000 pounds, but that as a result of an estimated 28,000,000 pound increase in disappearance to March 31, 1948, it was possible that the apparent shortage would amount to as much as 14,000,000 pounds.

For this reason those present felt that all in a position to do so should strongly urge Canadians not to indulge in any panic buying, not to attempt to buy or store more butter than was needed for individual immediate needs, and to ask consumers to conserve and economize in its use.

The council has fully explored the possibilities of importing butter. This action was taken at a time when the supply situation appeared alarming. Inquiries were instituted in butter surplus countries and it was learned that the likelihood of any surplus butter being sold in Canada was extremely remote, due to the shortage of fats and oils in the United Kingdom and western Europe. President Smellie advised the meeting that he had made a special trip to Montreal to examine the position, and as a result of his findings confidential discussions had been held with representatives of the dairy farmers of Canada, and that the board had been convened to receive a first-hand report as to the situation.

If I might just clarify that one particular sentence; what we mean by "confidential discussions" at this particular point is confidential only to the extent of general publicity, due to the uncertainty of the situation and negotiations for imports which would cause further uncertainty in the market and in the industry. That is the extent of the confidential discussions.

It was the unanimous opinion of the meeting that prices remained largely in the hands of consumers who could quickly cause a sharp upward trend by unwarranted buying or undue increase in use, without a corresponding beneficial increase in production.

On the other hand it was fully realized that only a fair and decent price would bring out production, and that if farmers did not feel the price received for cream warranted the extra effort, the hoped for increase in production was on so slender a balance that any one of several unpredictable causes might result in the sudden reversal of the present trend.

It was felt that a first necessity was that the public should be made fully aware of the situation, and be told that restraint in purchases and consumption was a necessity.

At every stage of the meeting it was emphasized that the industry had no desire to profit unduly from the supply situation. It was the unanimous opinion that such a course would be against the best long-term interest of the industry as a whole, and it was felt that many producers concurred in this view. While present prospects, so far as supply is concerned, are somewhat brighter than had seemed possible a month ago, the whole situation is such that the utmost vigilance and care has to be exercised by all interests if supplies are to be adequate until the 1948 production season. Producers, the trade, and consumers and government all have a part to play to bring this about and see that the situation, both as to supply and price, does not get out of hand.

It was the unanimous opinion that the industry might be subjected to unfavourable public criticism unless the dominion and provincial governments and the consumers of Canada generally were acquainted with the facts as to the desire of the industry to exert its entire efforts in the public interests, and it was decided that the Public Relations Committee should approach the federal governmental authorities and express the views of the council on this subject.

The CHAIRMAN: What is the Public Relations Committee?

The WITNESS: That is a committee which has been set up within the council functioning to present and interpret the thinking of the industry to the government.

The CHAIRMAN: I see you are going to tell us about that. Go on.

The WITNESS: As chairman of the Public Relations Committee of the council during the year 1947, and to give effect to the instructions emanating from the meeting of the board of directors, I headed a delegation of members of that committee comprising Messrs. W. R. Aird, Montreal, Que., W. Frank Jones, Toronto Ont., R. C. Smellie, Russell, Man., K. H. Olive, W. K. St. John, and myself during interviews with Mr. K. W. Taylor, chairman of the Wartime Prices and Trad Board, and Mr. F. S. Grisdale, foods co-ordinator, Wartime Prices and Trad Board, on September 25 and December 2, 1947. Mr. Taylor's evidence concerning these meetings has been presented to you, and although there is nothing new that I can add, I would confirm in their entirety his interpretations of our discussions with him as they appear in his evidence as recorded in the minute of the proceedings and evidence, No. 24, dated March 15, 1948, at pages 112 and 1128.

I might state that the committee referred to also interviewed Dr. G. S. E. Barton, Deputy Minister of Agriculture on the afternoon of September 25, and the discussions with Dr. Barton were pursued along very similar lines to those with Mr. Taylor.

As further evidence of the concern and good faith of the operating division of the Canadian dairy industry, I should like to read excerpts from a press release issued from the council's offices in Ottawa at the time of an address delivered by Mr. Smellie before the annual meeting of the Ontario Creamery Association in Toronto, December 4, 1947. I quote:—

"Retail butter prices at any higher levels are not in the long term interests of any section of the Canadian dairy industry," R. C. Smellie, president of the National Dairy Council of Canada told the Ontario Creamery Association here today.

"If Canadians will voluntarily moderate consumption to what they were accustomed to during war years, we will get through this winter without shortages," stated Mr. Smellie. "It is consumer demand which is driving butter prices upward in the face of limited supply, and the remedy against higher butter prices remains in the hands of the consumer," said Mr. Smellie, who is himself a butter manufacturer.

"Thanks to the fine weather of the late fall, and to a reasonable price to farmers, which has produced a great deal more than last year, the supply of butter in storage and in sight is sufficient to meet what has come to be considered normal requirements in recent years. But despite higher prices, Canadians are eating more butter, considerably more. This may be hard to understand, but the fact remains that consumption has increased with prices.

"This situation was not the fault of anybody connected with the industry—farmers, manufacturers or wholesalers," continued Mr. Smellie. "The whole industry is doing a magnificent reconversion job, but after six years of strict control it could not accomplish the task overnight. Further, there are many demands on available milk supply, and many of these pay the farmer better, as well as butter. But the main cause of both higher prices and any shortage which might occur was the insistent consumer demand."

The press release which I have just quoted was accorded widespread newspaper and radio publicity, and it is my sincere conviction that under the circumstances existing at that time the views expressed therein were shared by all leading dairymen in Canada.

Mr. MONET: Mr. Chairman, before the members of the committee are called to ask questions of Mr. Duplan on this memorandum or brief, there are one or two questions I would like to ask him.

Mr. IRVINE: Would you kindly establish for us who Mr. Duplan is exactly, and what is his function?

Mr. MONET: That has already been established.

The CHAIRMAN: He is president of the National Dairy Council of Canada.

Mr. MONET: When he was sworn with Mr. Silverwood he gave all his details to you.

Mr. IRVINE: I know, that is in here and I can get all that detail from the record, but I want to know what this council does and what its functions are.

By Mr. Monet:

Q. Mr. Duplan, I understand that you are the president of the National Dairy Council of Canada?—A. That is correct.

Q. Before I ask you— —A. May I qualify that by saying that I have been president for about thirty days. Prior to March 3, 1948, Mr. R. C. Smellie was president.

Q. But you were a member of the council?—A. Yes, I was chairman of the public relations committee.

Q. And you certainly know all the functions of the dairy council?—A. I would not say that I knew all of them but I know a few of them.

Q. Would you tell us the few you know?—A. The National Dairy Council of Canada is a dominion wide organization of over 500 firms and associations concerned in the manufacturing, processing, distribution, and sale of dairy products. Are you interested in the purposes and objects?

Q. Yes?—A. To review the effect of present legislation, and regulations, both federal and provincial; to co-operate with federal and provincial government bodies in obtaining legislation and regulations that will best serve the future interests of the dairy industry as a whole; the co-ordination of the interests of all concerned—producers, distributors, and manufacturers—to secure prosperity for the dairy industry of Canada as a whole, but with the adequate safeguards for the interests of the consuming public; the stimulation of the demand for dairy products on the part of the consuming public; the improvement of the quality of dairy products; to maintain a central service for members of the corporation and the dairy industry generally.

Mr. IRVINE: It is a trade union then?

The CHAIRMAN: Are consumers represented on this council, Mr. Duplan?

The WITNESS: No, consumers are not represented on the council.

Mr. IRVINE: Are the co-operative dairies members of the association?

The WITNESS: Mr. Turnbull, who testified here, is a member of the National Dairy Council and there are other co-operatives as well.

By Mr. Monet:

Q. Well, Mr. Duplan, I see on page 5 of this memorandum, at the bottom of the page that you say "at every stage of the meeting—" and you are referring to that meeting of September 16—"it was emphasized that the industry had no desire to profit unduly from the supply situation. It was the unanimous opinion that such a course would be against the best long-term interests of the industry as a whole".

Would you explain what you mean by that statement?—A. May I clarify the statement by first saying the National Dairy Council is not interested in price fixing. It is not a price fixing organization and it is only interested in price trends as they may affect dairy production and the consumption of dairy products.

Q. How would a rise in price affect the long-term interests of the dairy industry?—A. By reducing the consumption of dairy products.

Q. Are there any other reasons?—A. That would be the principal reason but there may be others. We are concerned first of all about the production of the product and secondly about the consumption and consumer acceptance of the product.

Q. You mean to say if the price was made too high there would be a lesser degree of consumption?—A. That was our feeling.

Q. If there was a lesser degree of consumption would there not be more butter available and then the price would go down, would it not?—A. As we said we are only interested in price trends as they affect the production and consumption of the product. It is quite true if the price were lower—

Q. Consumption would be greater?—A. That would seem to be right.

The CHAIRMAN: You have stated the opposite here.

By Mr. Monet:

Q. You have just said the consumption would not be as large if the price was higher?—A. That is a general over-all interpretation but if we referred to the records presented in bulletin 24—

Q. I am taking your answer as you give it?—A. I am referring here to the disappearance. As you notice even as the price increased the consumption was maintained and I referred to that fact in the brief.

The CHAIRMAN: You say that where the price went up consumption went up?

The WITNESS: That is something that is very difficult for us to understand. We anticipated some reduction as the price increased but that was not true. Apparently the purchasing power of the consumer was sufficiently strong and consumption continued.

By Mr. Monet:

Q. What I want to make clear is this. In answer to my question regarding this statement at the bottom of page 5 you said the price going too high might hurt the interest of the dairy industry, is that right?—A. Yes.

Q. As I just pointed out if the price were not so high consumption would be larger, would it not?—A. Yes.

Q. The price would go down if there was more butter to sell, if we are to believe what has been said here about the law of supply and demand?—A. That is normally a correct statement.

Q. How do you reconcile the two statements?—A. You mean as regards profits?

Q. Yes?—A. As far as profit is concerned we are only interested in a favourable return on the investment. I imagine that is any dairyman's interest. I think those who have testified here have made it clear that the storage butter profit was most unusual and most abnormal.

Q. Coming to that feature, Mr. Duplan, I understand the list given on page 4 gives the members of the Dairy Council who were present at the meeting of September 16?—A. Yes, that is right.

Q. May I take it those people who were there, representing the companies which they did, would be holding a very substantial proportion of the butter being held in Canada at that time?—A. Yes, but there were of course several present who were not holders of butter.

Q. But there were those who were holders of butter. Can you tell the members of the committee what proportion of the butter held in Canada at that time would be represented by holdings of the people at that meeting?—A. I would not know that.

Q. Could you give us a fair idea?—A. Well, I see Mr. Turnbull's name there and he would be one of the large holders of butter.

Q. I also see Mr. McLean; is that Mr. McLean from Canada Packers?—A. No, that is Mr. McLean from the Maritimes.

Q. Well, surely you could tell the members of the committee what proportion of the butter being held in Canada at that time was represented by the holdings of those men?—A. Mr. Aird's company was represented and our company was represented. I see the other men whose names immediately follow ours are ice cream men and they would not be holding butter.

The CHAIRMAN: I see that there is a Mr. Graydon.

The WITNESS: That is the Neilson Company in Toronto. They are ice cream people.

Mr. FLEMING: I guess there is no relation. There is not a Mr. Martin there, is there?

The WITNESS: Well, Mr. Monet, I would not care to hazard a guess as to the proportion of butter held by the companies represented at that meeting.

By Mr. Monet:

Q. Well, would you say there was a large proportion represented by the holdings of those people?—A. It might be 15 or 20 per cent.

Q. Not more than that?—A. No, but we have no way of knowing.

Q. Well then, at September 16, would it be correct to say that a very substantial amount of butter was already in storage at that time?—A. Yes, that is a fair statement.

Q. There would be a very substantial quantity of stored butter on September 16, when this meeting was held?—A. That is right.

Q. And at that time the price had been steadily rising since early June?—A. Yes; there was a bit of a sag in October when the market retarded, but the market advanced after that time until it reached 69 cents in January.

Q. May I take it also that a great proportion of the butter stored at the time that meeting was held had been purchased at much lower prices?—A. I would say so.

Q. Then, amongst the features that were given consideration at that time was consideration given to the fact stored butter was daily reaching a higher price? Was there any consideration given to that feature?—A. Was consideration given to the advancing price of stored butter?

Q. Yes?—A. It was advancing, as we understood it, in accordance with the market.

Q. Was that feature discussed? I ask the question because you do not refer to that matter in the memorandum.—A. No, we did not discuss the matter of price.

Q. You did not discuss the matter of price?—A. No, we only discussed price trends.

Mr. WINTERS: What does the witness mean when he says the price was advancing "in accordance with the market"?

The WITNESS: The price to the stores and the price from the stores to the consumer.

By Mr. Monet:

Q. I am talking of stored butter held at the time when the meeting was held on September 16. You mention in your memorandum that consideration was given to all aspects of the industry?—A. That is right.

Q. To consumption, manufacture, and production. Now, I want to know if there was any discussion or consideration given to the fact that at that time there was a large quantity of butter stored and the price was advancing daily?—A. That was only considered as it related to the supply situation for the future. I refer to that fact in the brief and that we felt we required importation of butter.

Q. Well, Mr. Duplan, I think you understand my line of questioning here and I want to know whether there was any consideration given to the fact that there was an abnormal profit being made or to be made on stored butter?—A. No, we were not interested in the question of profit or price of stored butter.

Q. You were not?—A. No.

Q. Although you said here in your brief that an undue profit would undoubtedly hurt the long-term interests of the industry?—A. Yes, but that is in relation to the long-term policy and it does not refer to any particular company.

Q. I did not ask the question with respect to a particular company but you were representing, together with others, the National Dairy Council, and you were there to consider every aspect?—A. Yes.

Q. Well during that meeting you did not give any consideration to the question that the consumer was to be faced with a much higher price for butter stored and that certain companies would make an abnormal profit?—A. We did not discuss that, we were not interested in the profit of any organization holding butter.

Q. Do you believe that if consideration had been given to that feature at that time it would have helped in bringing down the price of butter?—A. No, I do not believe so because that is not a function of the National Dairy Council.

Q. No, but could it not have been recommended?

By Mr. Irvine:

Q. Is it not a function of your council to keep the price up?—A. No.

Q. You mean to say you are not interested?—A. We are only interested in price trends that will make for adequate production.

Q. Well I think that is a very diplomatic way of describing the function of your organization. Is it or is it not true that it is in the interest of your industry that your organization exists?—A. Yes, that is true.

Q. Does not the price of butter have some very definite bearing on your industry? A price for butter below cost would not be very healthy for your industry?—A. That is true.

Q. Therefore it would be in the interests of your industry to see that there was a price for butter which was at least sufficient to maintain your industry?—A. In that sense I would say you are correct, sir; but the point, as I said before, is that we are interested in price trends that will make for production, or price trends that will make possible consumption of dairy products.

By Mr. MacInnis:

Q. Are you not interested in price trends that will make also for a profit in addition to production and consumption?—A. You mean that the National Dairy Council makes a profit.

Q. You are representing the dairy industry and you said you were interested in a price that would make for increased production and adequate consumption. You did not use the word "adequate" but were you not also interested from the point of view of profit?—A. Well, I presume an interest of the members of the National Dairy Council would be a reasonable return, not an undue return, if that is the question.

Q. Is there any reason why you should hesitate in that regard?—A. I am only hesitating, sir, in this respect that the National Dairy Council, for example does not in any way represent itself or function in the interests of price setting for the industry. We do not say whether butter is a cent too high or a cent too low or how much this is or that is. We are only interested in price trends.

When the price of butter was below all other dairy products it was a concern of the Council because we were quite certain that the producers would not produce churning cream at a price below that of other utilizations of milk. For example, on the 1st of December, you had an advance in the price of fluid milk. you had an advance on the price of milk for concentration. Then, you had an indication of a higher price for cheese and, on January 5, you had a floor price set for cheese which definitely had an influence on the price of butter. Now, unless butter was advanced consistent with those other products, it was only natural the farmer would not produce churning cream. Any further reduction in the production of churning cream would mean our situation would have been much more difficult than we have found it to be at this time.

Q. At the time this meeting was held, September 16, was the National Dairy Council concerned about the fast increasing price of butter?—A. We were concerned about the supply. In Mr. Taylor's evidence, you will recall we discussed with him the matter of the importation of butter to supplement our supply to meet our requirements.

Q. If you were not concerned about the rising price of butter, how did the idea of undue profit enter into the statement on page 5 of your brief?—A. We were interested, as I said in reply to Mr. Monet's question, in a price which would bring up production to meet our requirements; not in the sale of butter at a price that would gross any unfair profit.

Q. You do not say that in this brief?—A. I have explained it to the best of my ability, sir.

Q. Was there not a feeling at this meeting that prices were going up so fast there was danger of an undue profit being made?—A. Yes, that was the second reason for suggesting the importation of butter.

Q. But despite the fact the Dairy Council, representative of dairy producers in Canada, was concerned about the question, an undue profit was made?—A. That is true; but, as I say, that is not the responsibility of the National Dairy Council, that belongs to the individual operator.

Q. How could the individual operator help himself? As I see it, here, the individual operator could not do anything about it.—A. It was a natural condition. I suppose that, as human beings, they sold butter at the market price and took the abnormal profit.

By Mr. Winters:

Q. Who sets the market price?—A. I saw a very good explanation of that in the morning press, one of the best I have seen. It is an accumulation from the ideas or negotiations of buyers and sellers of the product.

By the Chairman:

Q. You told Mr. MacInnis and Mr. Monet, with regard to the last paragraph on page 5 of your brief, that the industry had no desire to profit unduly from the supply situation. You knew what the picture was at that time. I know you have said you are not concerned with price fixing and you are only concerned with price trends, but what could the Council have done if it had wished to see that butter was sold at a lower price?—A. Well, of course, we took the explanation to the governmental authorities—

Q. I said what could you have done? Could your body, by itself, have taken any action which would have resulted in a reduction in the price?—A. I do not know what action we could have taken at that time because our concern was more as to the supply.

Q. That may have been your concern, but let me make an explanation so my question will be clear. When we had Mr. McLean of Canada Packers here he told us that he, too, was concerned about the supply situation and the prices being received. Then, he was asked by a member of the committee why he did not take steps on his own initiative to reduce the price level, since he was a holder of butter to the extent of about 9 per cent. He said it was not possible for one individual to do so.

Now, having in mind that you represent the dairy producers themselves, a very important national organization, could your council, whether or not it is your policy, have taken steps which would have resulted in a price reduction?—A. I do not know what steps we could have taken with our membership because that is not our function. I am sure it would not have been effective.

Q. You do not think you could have done it?—A. No, I do not know of any effective measure we could have adopted.

By Mr. Mayhew:

Q. If you had been successful in your efforts in securing New Zealand or Australian butter, that would have had the effect of keeping the price low, would it not?—A. Yes; we were at a little disadvantage, there, Mr. Mayhew, on importation.

Q. You did endeavour to get it?—A. We did endeavour, but on the subject of the price of imported butter we did not have the information regarding the mechanics of the application or the mechanics of the price structure of the imported butter. We felt that definitely was government policy, as a matter of fact, we were told so.

Q. I realize it was government policy, but had you been able to get an additional supply of butter from outside?—A. Yes.

Q. —it would have stabilized the situation?—A. It would have levelled the situation and impeded the rise in the price of butter, in my estimation.

The CHAIRMAN: Mr. Monet, have you any further questions?

Mr. MONET: No.

By the Chairman:

Q. I just want to be satisfied in my own mind, apart altogether from the question of importation, that the council could not have done anything. It seems to me if you had known the situation as we know it now you would have said, "This is too high; this is going to hurt the industry". Then, steps could have been taken. It is always possible to take steps to increase the price. Whether or not it is the policy of the organization to interest itself in that kind of problem, in view of the absolute abnormality of the situation, surely something could have been done by this powerful body to reduce the price?—A. Well, in the evidence given by Mr. Taylor, he refers to our concern—

Q. I realize that you were concerned, and it is because you were concerned I am just wondering whether steps could not have been taken to effect a reduction?—A. Mr. Taylor, on the occasion, refers to his discussion with us in which he discussed the possibility of a ceiling; that is on December 2. Now, that was one constructive suggestion as regards the price situation.

Q. That was government action. I am talking about what you could have done, yourselves. I have an impression there is a feeling that not enough was done by the trade itself to deal with this abnormal situation.—A. We feel—

Q. I am not referring to you, now, but when you are told of a company which has made a very high profit, and you are told at the same time that nothing could have been done in concert to reduce that, I am afraid it is a difficult statement to accept?—A. We felt we had done a splendid service—at least some service by taking the problem to the government administrators and discussing it with those persons.

Q. No doubt about that, and I am not talking now about the government. The government may or may not have been at fault; I am not talking about that. I am talking about what the industry could do. However, if you cannot answer beyond what you have said, we will have to accept it for the time being.

By Mr. Mayhew:

Q. What would have happened, in your opinion, if any large holder of butter had said, "Here, I am receiving sufficient profit at present prices and, therefore, I am not going any further, regardless of the trend". What would have happened? Would not the effect have been that his action would have kept the price of butter down to a reasonable price?—A. It is quite true, possibly.

Q. That is what we say here, no one in the industry took that stand. Each operator followed the other and would have followed to any height?—A. That is true, but this is also true, reading from Mr. Taylor's evidence: we could agree on two points which were quite clear. First, we would like to see butter stay at the present level; that is, the level at that time, and the only way it could be kept at that level would be to arrange imports; that is the discussion at that time.

Q. That is the answer, that there was no one who took action and said, "Here, we have enough profit".

By Mr. Monet:

Q. You said you were not interested in prices but you felt that the importation of butter would affect the price?—A. That would be the price trend.

Q. Would it be correct to say that if there had been some butter imported the price would have gone down?—A. By price setting, at no time did I mean we said the price should be 60 or 65 cents.

Q. I know that. You said you were not interested in price fixing, yet you were so much concerned by the up-trend in the price of butter that you recommended butter be imported?—A. That is correct.

Q. If it had been, the price of butter would have gone down?—A. It certainly would not have gone up any farther.

Q. Would it have gone down?—A. I do not know at what date the imported butter would have come in.

Q. Would it most likely have gone down?—A. It would not have gone higher.

Q. Then you were, indirectly at least, interested in price?—A. In the price trend, yes.

Q. Mr. Mayhew just asked you if you had discussed the situation in view of the fact the price was going higher all the time. At that particular time, there was a huge quantity of butter stored, so would it not have been possible for someone in this organization to take steps to sell butter at a lower price and thus bring the price down?—A. Well, I should like to take the first part of your statement first, that there was a huge amount of butter stored.

Q. Well, say a large amount?—A. We did not have sufficient stored to take care of our requirements, did we?

Q. Whatever the quantity was at that time, Mr. Duplan, if the people at that meeting had discussed that angle of the situation and had decided to sell butter a little cheaper—was any consideration given to that question at all?—A. With regard to the question of selling butter at a lower price, the trend would be to increase consumption and that would have a bearing on the already short supply.

Q. Would that be your answer then?—A. That would be my answer.

Q. Was any consideration given to the matter?—A. It was considered only from the standpoint of the effect it might have on consumption. I say that in this brief, that we were concerned with the over-all picture and the long-term interest of the industry as a whole.

By Mr. MacInnis:

Q. Mr. Smellie said in the extracts you quoted that, as the price went up, consumption increased?—A. As the price increased consumption increased?

Q. Yes.—A. As I said before, Mr. MacInnis, that is one particular trend I cannot explain. I do not know anyone who could. The consumption of butter increased and kept step with the increase in price. It is only natural that it would decrease, but last year it increased.

Q. Perhaps it was not consumption that increased. Very likely it was the disappearance of butter increased.—A. I am only taking the government figures.

By Mr. Harkness:

Q. Did not consumption increase essentially because rationing disappeared and people were free to buy as much as they wanted?—A. That is true.

Mr. MACINNIS: This was a long time after rationing disappeared.

Mr. HARKNESS: This increase in the disappearance of butter has been apparent ever since the rationing of butter ended.

By Mr. MacInnis:

Q. I was going to ask Mr. Duplan one other question. When you met with Mr. Taylor of the Wartime Prices and Trade Board on December 2 do you say he suggested the restoration of the ceiling on butter?—A. We discussed a ceiling on butter, a possible ceiling. I was reading from his evidence.

The CHAIRMAN: What date is that?

Mr. MACINNIS: December 2.

By Mr. MacInnis:

Q. Who brought up the discussion of the ceiling?—A. Mr. Taylor. He said, "I felt probably a ceiling price would come." That is from page 1128 of the evidence.

Q. What was the attitude of the National Dairy Council to a ceiling price at that time?—A. We did not suggest it. We discussed it with him. It was a matter of whether a ceiling price—I think it is set out very clearly here. He said that you would not need a ceiling price but if on the other hand you had no imports you would need a ceiling price. The ceiling price, according to the discussion, had a bearing on the possibility of importing butter.

Q. That was Mr. Taylor's understanding, but what was the reaction of the National Dairy Council to a ceiling price at that time?—A. Exactly the same as he stated here. We quite agreed with him that without imports we should have a ceiling.

Q. That without importation you should have a ceiling?—A. Yes, but that with imports the same result would be obtained, that it would act as a control on the price.

By Mr. Mayhew:

Q. You are only supplying your consumers now with 25 per cent. If you had adopted a rationing system of your own as you are doing now a little earlier that kind of rationing plan might have been helpful?—A. I think it would have been quite helpful.

Q. It would have been helpful?—A. Yes.

Q. Would it not have been a natural function for your organization to suggest to your fellow members that they should do that, that you could see ahead of you a short supply?—A. Yes, it would have been helpful.

By The Chairman:

Q. You have been talking about New Zealand butter. As President of the National Dairy Council do you know the consumption rates in New Zealand as compared with Canada, for instance?—A. I have not that information with me.

Q. Is it not a fact we consume much more butter than New Zealand does?

MR. MACINNIS: Butter in New Zealand is still rationed.

THE CHAIRMAN: Yes, but even when we were. The point is they talk about importation. What importations do is to put into the hands of those who have more, more butter than those from whom you are importing it. That was Mr. Nash's statement the other day. Were you aware of that when the National Dairy Council made the suggestion about importations.

THE WITNESS: Of course, the whole question of importations as explained to us by Mr. Taylor must be negotiated through the United Kingdom. That made for the uncertainty of it. We did not know what butter was available in New Zealand or Australia when we were told by him any negotiations for that butter must be by the government through the United Kingdom.

THE CHAIRMAN: There is no doubt about that, but you were interested in importation. I am asking if you were aware of the consumption figures in New Zealand as compared with Canada?

THE WITNESS: Yes, we had them, but I have not them with me this morning. I can get them for you.

By Mr. Harkness:

Q. Looking at this from a different point of view, was your organization of the opinion that a wholesale price of 65 to 70 cents a pound was necessary in order to increase production sufficiently to meet the increased demand which had

developed and which it was more or less apparent would continue?—A. I would say the price that was necessary was somewhere consistent with the price of cheese because in the final analysis the production of butter, or the price paid for churning cream, which results in increased or decreased production of butter, must be somewhere within line of that of other dairy products, and especially that of cheese.

Q. To answer the question specifically did you think a price of 65 to 70 cents a pound wholesale was necessary in order to ensure sufficient production?—A. I would say 65 cents was necessary after the floor price of cheese, the contract price with England, had been announced by the Minister of Agriculture.

Q. Therefore from the point of view of ensuring production, which in my view at least is the most essential thing as far as butter is concerned, that we should have enough of it, your organization would not have thought a decrease in price was a good thing?—A. At what period of the year? Are you speaking of when the cheese base was established or earlier in the year?

Q. I am talking of the period immediately before the ceiling price was established.—A. We were not so much concerned about—

Q. When the price was from 65 to 70 cents wholesale.—A. Let us go back to the June price. The June price of butter, Toronto price, was about 49 cents. At that time the price of cheese was on a basis of 25 cents, so the butter solids price was of little concern at that time. The trend of that price was consistent with cheese. Then when we get up to the fall of the year, December and early January, when this price went above 60 cents that was when the floor price was established on cheese and announced by the government at 30 cents plus 1 and 2 cent bonuses, a total of 33, and the equivalent of two to one would be 66 cent butter.

Q. The point I am getting at is that if you considered a price above 65 cents was necessary in order to give sufficient production to meet our butter requirements naturally your organization would not take any steps to reduce the price?—A. No, but not above 65 cents. I said we were interested in the price relationship, so 65 cents would be price relationship.

By Mr. Winters:

Q. Related to cheese?—A. Yes. If butterfat was 58 cents with a floor price of 33 cents for cheese you would divert milk into the cheese channel and you would not get butterfat for butter.

Q. What about the relationship between milk and butter as a consumer product?—A. That is milk for concentration?

Q. No, fluid milk.—A. On fluid milk for market distribution there is a recognized differential of anywhere from 75 to 80 cents a hundredweight because of certain specific reasons, uniformity of supply, uniformity of quality, and constant daily delivery and many other factors which make it more expensive for the producer to produce that quality of milk, that particular milk.

Q. Taking the three products, milk, butter and cheese, which is the most profitable to the producer?—A. I would think fluid milk, yes.

By Mr. Sinclair:

Q. May I have the privilege of asking a question or two? I realize I am not a member of the committee. Mr. Duplan, I was very interested in the statement you have given because it has corrected an impression which a lot of people in the country have that the dairy industry is principally concerned with protecting the industry in Canada. I think the fact that your industry did make inquiries in New Zealand and Australia to bring in butter, or in the hope of bringing it in, to alleviate the consumer shortage, is a very good thing. You mentioned that would be an effective control on price and even suggested if the

importation was large enough there might have been a drop in price. Is that fair? That is from Mr. Monet's question?—A. The price would be maintained, or possibly a reduction, but it would certainly have been maintained at that level.

Q. With this great interest in the welfare of the consumer when you found you could not satisfy the shortage by importing foreign butter did your dairy council ever think of making inquiries about importing margarine, or relating your position to the sale of margarine in Canada?—A. Margarine is an important question.

Q. I think it is a very practical question. You showed such interest in the problem of the consumer who could not get butter.—A. The oleomargarine policy, as far as the National Dairy Council is concerned, has been discussed by our executive. We have not made any representations. We have believed it to be a matter of government policy.

Q. Is it a fair statement that your position at the moment is it is better for the people of Canada to do without butter than to have margarine?—A. Speaking from the standpoint of the Council I am not prepared to answer that question because it has not been decided by the Council.

Q. Let me ask another question. Since margarine affects the dairy industry so strongly, what effect would the sale of margarine in Canada have on the price of butter?—A. I would prefer not to answer that. I am not authorized to answer to begin with. I am only speaking for the National Dairy Council.

Q. As a man who is interested in the dairy industry you have been pretty fair. You say that you believe the importation of New Zealand butter would have been a controlling factor on the price of Canadian butter. I think this is an exactly parallel question. Am I being unfair?—A. I did not come here to discuss that.

Q. As a member of parliament I am concerned about the price of butter. I am asking what effect would the sale of margarine have on the price of butter. Would it increase the price of butter? Would it hold it level or would it drop the price of butter?—A. I would not know, only by making a comparison with the United States. It has not had much control on the price of butter in the United States, has it?

Q. I have one other question following up the question Mr. Winters asked about which of the various dairy products is the most attractive to the farmer. I come from the west coast and the continual cry of the Fraser Valley dairy farmer, who is our chief dairyman, is that there has never been any money in butter, that the good market is the fluid milk market and the ice cream market. Is that still the case?—A. Fluid milk and ice cream have top earning power for the producer? Is that your question?

Q. Yes.—A. That is correct.

Q. Following up Mr. Martin's question, he was trying to find out, with your great interest in the public welfare as well as your own welfare, when you were concerned about the high price of butter why you did not take some specific action to show up, for example, Canada Packers by saying, "All right, our members are not going to ask a high price." The reason I am raising this point is because of a very interesting situation in the dairy industry in British Columbia where all the dairies except the largest outfit, the Fraser Valley Milk Producers, asked for an increase of 1 cent in the price of fluid milk. The Fraser Valley Milk Producers opposed that increase before the milk commissioner and said that they did not think it in the public interest to increase. I suggest that action by the Fraser Valley Milk Producers did more to please public opinion in British Columbia than any other action that has been taken by the farmers in British Columbia for some time.—A. I quite agree. That took place in certain markets in Ontario in December.

Q. That is a splendid thing. I wonder why it was not possible for your dairy industry to take similar action on butter and show up, we will say, Canada Packers and others?—A. May I answer the first part of your question first? We could not control or make any request of Canada Packers because they are not members of the dairy council.

Q. That's just the point. These other independent dairies in British Columbia are not members of the Fraser Valley Milk Producers, but the Fraser Valley Milk Producers told the public they would not take this extra cent. If your members had said, "No matter what Canada Packers are going to take we are not going to take 73 cents," or whatever the price was, do you not think that would have had a splendid effect on public opinion in Canada and confidence in your Council?—A. As we look back over the situation that probably would have had some value.

By Mr. Harkness:

Q. Mr. Duplan, that really comes back to the point I was on a minute ago, does it not, as to whether your organization, the dairy industry, considered the price of butter was too high or whether it was not too high?—A. Of course, we have been talking about the action of individual members of the industry. You are speaking now with regard to the interest and connection—

Q. Which?—A. You are speaking now of the connection and possible interest of the National Dairy Council?

Q. Yes.—A. I can only repeat what I said, that we were concerned about the price trend. We felt that the matter of production was important and we felt that the matter of prices that would impede or retard consumption was important, so we went to the governmental authorities and discussed with them the advisability of the importation of butter to level the market price off at that particular time.

Q. Do you consider the present price is sufficient or more than sufficient to ensure adequate production to meet demand?—A. Yes.

Q. You do?—A. Yes.

Q. Do you think that if the price were down 5 cents a pound we will say there would be sufficient production?—A. No, I think it would affect production because of the facts to which I referred in this memorandum, the difference in price between cheese and butter would divert production of butterfat from butter to cheese.

Q. In your opinion, then prices such as we have at the present time are essential if we are going to get enough butter?—A. Yes, because we have a cheese equivalent to 53-cent butter.

By Mr. Winters:

Q. Where would the milk go if butter production fell off?—A. It would go into cheese production, or it would probably go into concentrated milk, evaporated milk and whole milk powders.

Q. Then the farmer would not realize any over-all loss?—A. He would not, no; because he would go into the most profitable market.

By Mr. Harkness:

Q. Then in view of your answer your council even if it had been able to do so would not have taken any action to reduce the price of butter?—A. No, not when we take the floor price of cheese at what it is.

By Mr. MacInnis:

Q. Do you agree with the Minister of Agriculture for Ontario that the export of dairy cows to the United States has had a limiting effect on the production of butter?—A. You are asking me now to disagree with the minister.

Q. No.

The CHAIRMAN: That may be the result. Just ask the question, Mr. MacInnis.

By Mr. MacInnis:

Q. I will leave the name of the minister out of it. That is a particular question which came to my mind.—A. The information I have here in my brief case is that our population of dairy cattle is about the same and there is an increase in the number of heifers which will shortly freshen and then become milking cows. I think the over-all picture is good this year. I have a list here as regards the cow population. That is what we are discussing.

Q. The obvious answer would be then there is nothing to Mr. Kennedy's contention?—A. I did not say that. I said, my impression is that we have in milk cows plus the heifer population, that we should have this year very close to or equal the number of milk cows of last year.

Q. That would be the case, providing the export of dairy cattle to the United States does not continue.—A. And the unfortunate part of the exportation of cows to the United States is that the best cows we have are purchased for export.

Q. Well, then if there is going to be a free market in the export of dairy cows it would naturally follow there should be a free market on the import of butter.

Mr. HOMUTH: Are you advocating free market for the import of butter?

Mr. MACINNIS: I say that if there is going to be a free market for the export of dairy cows we have to protect ourselves somehow.

Mr. HOMUTH: Might I ask the witness this?

The CHAIRMAN: Mr. MacInnis has not finished questioning the witness.

Mr. HOMUTH: Well, then, may I ask this in connection with that question; in view of the fact of the increased demand for butter, cheese and milk products, in our national economy should not the cow population show an increase?

The WITNESS: There has been plenty of work done by both the federal and provincial governments in the increased production per cow as against say 10 years ago. On many of our farms in Canada cows actually were boarders; today those boarders have been eliminated and we now have cows in production which are valuable to the producer.

By Mr. Winters:

Q. What do you mean by boarders?—A. A cow which is not producing sufficient milk to pay its way or for its care.

Q. And you call them boarders?—A. We call them boarders.

Mr. FLEMING: Mr. Chairman, may I now raise a matter—I see it is five minutes to one—but it has to do with witnesses being called? May I say to the committee that the chairman was kind enough to tell me this morning that he saw in the newspaper a report that Mr. Graham Towers, the governor of the Bank of Canada, was leaving shortly for England. Enquiries which have since been made by the secretary indicate that Mr. Towers will be leaving for England on Monday—will be on the ocean Monday—and will not be back in Canada until the 8th of May.

The CHAIRMAN: We will still be sitting, Mr. Fleming.

Mr. FLEMING: Well, the committee will remember that the matter of calling Mr. Towers has been before the committee ever since we began. I asked for his appearance right at the outset of our proceedings, and I have asked for it on a number of times since.

The CHAIRMAN: The steering committee had decided that we would call him after the butter inquiry.

Mr. HOMUTH: Could we not interrupt the butter investigation and have him this afternoon?

The CHAIRMAN: For this afternoon we decided to call witnesses to deal with this emergency situation in Montreal which the committee thought was a matter of top priority, and the calling of those witnesses is going to interrupt our regular butter proceedings this afternoon; but we are doing this so we can deal with the situation in Montreal. That was the decision of the committee itself at its Tuesday sitting.

Mr. FLEMING: This is an entirely new situation which has arisen; at least, it came to the attention of the committee the first time when we were discussing this question in the steering committee. We were told at that time the butter inquiry would probably take about two weeks and I said that on that basis I was quite prepared that we should call Mr. Towers as soon as the butter inquiry ended. Now we have been on butter much longer than that, and we are facing a situation now where Mr. Towers will not be available for about another five weeks.

The CHAIRMAN: But, he will be available.

Mr. FLEMING: He will be available, but we are spending a lot of time on minutia—

Mr. WINTERS: What is that word—minutia?

Mr. FLEMING: Minutia—that is in the C.C.F. vocabulary too.

The CHAIRMAN: Well, lets have less minutia.

Mr. MACINNIS: Yes, and more clarity.

Mr. FLEMING: Mr. Towers is in a position to give evidence on the principal considerations and factors entering into the rise in the cost of living—probably better able to do that than any of the witnesses we have called so far—and I recall my request that he appear before the committee, Mr. Chairman, and I would like him to be called now, before we hear these witnesses from Montreal. After all, Montreal is not so far away and witnesses can be called quickly.

The CHAIRMAN: Yes, Mr. Fleming, but you are asking us now to reverse a decision which was made earlier. We have gone into all that and it was decided that we should continue our butter inquiry, and then this matter was brought before the committee by Mr. Beaudry and the committee decided that we would get witnesses as to the Montreal situation here as quickly as possible; and the earliest possible date was Thursday. We have gone over all that and we have decided that we would hear those witnesses today, this afternoon.

Mr. FLEMING: Then I am in the position, Mr. Chairman, of asking the committee, in view of this new information and the situation which now faces us, to reopen the question; and I submit in support of that that these witnesses are coming only from Montreal; it is not going to do them any great injury to ask them to come Monday instead of today or tomorrow.

The CHAIRMAN: I appreciate that. The situation is one which the committee thought demanded priority, and probably every member of this committee spoke very strongly on that point of importance.

Mr. MERRITT: Mr. Chairman, surely the fact that Mr. Towers is going away for an extended period was certainly not in my mind when I spoke strongly in support of the resolution.

The CHAIRMAN: That is true, it was not in any of our minds. We did not know it then.

Mr. MERRITT: I do not think it in any way embarrasses any member of the committee in discussing Mr. Fleming's suggestion.

Mr. HOMUTH: Could we have Mr. Towers here on Monday?

Mr. MAYHEW: Could we have the meeting on Friday evening to accommodate Mr. Towers?

The CHAIRMAN: We could see about that.

Mr. MAYHEW: Mr. Fleming has wanted to call Mr. Towers for some time.

Mr. FLEMING: I would appreciate it if the committee would extend every consideration that it can and ask Mr. Towers to be here tomorrow morning, and if we do not finish with him in the morning ask him back in the afternoon. It is conceivable, we could perhaps finish with him in the morning. I do not know. I am not being too optimistic.

The CHAIRMAN: I know that Mr. Dyde will take more time than I had anticipated with Mr. Towers. I do not think it would be possible to finish with him in one sitting.

Mr. FLEMING: Well then, if we cannot finish with him in the morning session why not sit tomorrow evening?

The CHAIRMAN: We just have to have some order in this committee. We decided to deal with the Montreal situation. I stated to the committee at the time that I thought the committee should await the outcome and results of our present deliberations, but the committee thought otherwise because of the urgency of the situation. That was our decision. Now, it is true that when that decision was made we did not know about Mr. Towers' engagements. That does bring in another angle and puts the matter in a somewhat different light; but I do not think we can carry on a three-ring circus. We ought to start and get some order; and, if Mr. Towers is important as a witness, and I know he is, he can be called quite easily when he returns. He is not going to be unavailable to us, and it may be that his appearance would be more advisable then.

Mr. FLEMING: I think we could deal with him in one day, and get a great deal of help from him. I think we have spent some time now that could have been saved if we had had Mr. Towers at an early stage. I think Mr. Towers is in a position to give evidence that might have saved a lot of time we have spent going over small details.

Mr. MACINNIS: Mr. Chairman, I think under the circumstances Mr. Fleming has some right to kick, to raise the question he did. He raised the question of Mr. Towers appearing as a witness very early in this investigation. I think it was at the first or second meeting of the steering committee.

The CHAIRMAN: That is right.

Mr. MACINNIS: But I do not think we can make any different arrangement, at least not for this new angle. Mr. Beaudry, who raised the Montreal question, is not here at the moment and it would not be fair to change any arrangement with respect to the calling of witnesses when he is not here. I presume the witnesses you are going to call are here now?

Mr. MONET: Yes.

Mr. MACINNIS: I would be prepared to have an evening session as well as an afternoon session tomorrow in order to hear Mr. Towers.

Mr. MAYHEW: Could we not start tomorrow morning at 10 o'clock? That would give us three hours.

The CHAIRMAN: Remember what we are doing. We are starting with the Montreal witnesses this afternoon, and I doubt very much if we will finish with them today. We have got to make up our minds as to what we are going to do.

As I said, that matter was all discussed here before the main committee and the committee decided what it was going to do; it is going to take the Montreal witnesses this afternoon. As you all know, my views on that matter were very clear and I placed them before the committee, but the committee decided that we should go on. I do not think we should start with one subject and then leave it for another. We have got to have some order in our proceedings.

Mr. WINTERS: What about taking Mr. Towers on Monday.

The CHAIRMAN: He is leaving on Monday.

Mr. HARKNESS: Then we would have to have him today or tomorrow, or not have him at all.

Mr. MACINNIS: I do not think we can have him, unless we have extra sessions.

Mr. HOMUTH: Well, lets have him tomorrow.

The CHAIRMAN: Gentlemen, we will meet again at 4 o'clock this afternoon.

AFTERNOON SESSION

APRIL 8, 1948.

—The committee resumed at 4.00 p.m.

The CHAIRMAN: The meeting will come to order.

I would like to welcome a new member to this committee in the person of Mr. Thatcher who has taken the place of Mr. MacInnis. Mr. MacInnis advised me yesterday that because of the Industrial Relations Committee and the special interest which he has in that matter that he had asked to be transferred to that committee for the time being. In his place Mr. Thatcher has joined us. We welcome Mr. Thatcher and I would say that Mr. MacInnis, like all the members of this committee, was a very faithful and constant attender here. He was of great help to us and we expect, and I know we will receive, that same help and attendance from the man who succeeds him.

Mr. BEAUDRY: You are speaking of the Liberal members there.

The CHAIRMAN: Are you ready Mr. Monet?

Mr. MONET: Yes. Before I call the first witness who is Mr. Maurice Gauthier—

Mr. FLEMING: Excuse me, Mr. Chairman, there is another matter.

The CHAIRMAN: Yes, Mr. Fleming has a problem with regard to Mr. Towers. I hope this matter will not take long because we are anxious to get ahead. Mr. Mayhew has a report to make regarding Mr. Towers.

Mr. MAYHEW: At the request of the chairman I called Mr. Towers and had a chat with him over the telephone. It is impossible for him to be here tomorrow and he is leaving Ottawa on Monday. Saturday is therefore the only day that is available to him and he will make himself available for Saturday if it is the wish of the committee.

Mr. FLEMING: What time does he leave on Monday.

Mr. MAYHEW: He leaves early in the morning and he has no time on Monday. He has no time tomorrow as he has many things to which he must attend but as I say, he will make himself available on Saturday. He expects to be back in the city about May 12.

Mr. IRVINE: I think probably he would be willing to come here Saturday if that is suitable to the committee but the trouble is we might not finish with him on Saturday.

Mr. FLEMING: Well, I appreciate that suggestion very much but I doubt whether we would have a quorum on Saturday.

The CHAIRMAN: I think if I asked the members of the committee to come that they would come for you.

Mr. FLEMING: Do you think they would come for me? I have a good mind to accept that invitation.

The CHAIRMAN: Would you like that?

Mr. FLEMING: The chairman is suggesting that if I asked him to have the meeting on Saturday the members of the committee would attend.

Mr. LESAGE: We will fly here.

Mr. BEAUDRY: You are again speaking of the Liberal members who will be here.

The CHAIRMAN: Well, is it agreeable that we meet on Saturday?

Mr. FLEMING: Without wasting any time I think it is quite impossible to have a meeting on Saturday. I would be quite willing to come myself but I do not believe you would get a quorum on Saturday.

The CHAIRMAN: I think we would if it was necessary. You had perhaps better speak to me about this matter at 6.00 o'clock.

Mr. JOHNSTON: Is this a special meeting to which you are referring?

Mr. FLEMING: Did you not hear Mr. Mayhew's report?

Mr. JOHNSTON: No.

Mr. FLEMING: Mr. Towers says that he cannot attend tomorrow and that he is leaving on Monday. The only time which he has available is Saturday. Could he not change his plans in order to meet us tomorrow?

Mr. MAYHEW: I did not press for a meeting tomorrow because it was quite evident from the discussion here that we would not get through with the present witnesses tomorrow. Mr. Towers said also that he was not available tomorrow. Of course he would have to come if we subpoena him. As I said, he will come on Saturday.

The CHAIRMAN: I suggest, Mr. Fleming, that you think it over and that you and I have a word before 6.00 o'clock.

All right, Mr. Monet.

Mr. MAYHEW: Pardon me, Mr. Chairman, I did tell Mr. Towers that the matter would be decided at 4.00 o'clock and that either myself or the secretary would call him back so that if he was not to appear on Saturday he could arrange his time accordingly.

The CHAIRMAN: Well Mr. Mayhew, perhaps you and I and Mr. Fleming can have a talk about this later in the afternoon.

Mr. MONET: Before I call the first witness I wish to state that a summons was issued on Tuesday to three witnesses, namely Maurice Gauthier, Mr. Pelchat, and Mr. David Bernier of Montreal. At this time the summonses were issued there were no printed French summonses because this is a very special form of summons. The old form of summons printed in French would not meet the requirements for calling witnesses for this special investigation so the summonses issued to these three witnesses were English summonses. On the same night that the summonses were forwarded, Mr. Arseneault, the clerk of the committee, on my instructions sent those three persons telegrams in French telling them that summonses were on the way and that they would be required to be here this afternoon. Since that time I have been informed that the French summonses are being printed for the future should they be required. I wanted to make that statement before I called the first witness.

The CHAIRMAN: You will see that there are French copies of the summonses available in the future?

Mr. MONET: Yes.

Mr. BEAUDRY: Mr. Chairman, before you proceed with this inquiry might I ask the clerk of the committee when we may expect to have the forms of summonses in French? Will they be available shortly?

The CLERK: Tomorrow.

(NOTE: *English translation of evidence which follows appears in Appendix to this day's evidence.*)

M. Maurice Gauthier, bijoutier, comparaît:

Me Monet:

D. Monsieur Gauthier, voulez-vous vous faire assermenter. Je comprends Monsieur Gauthier, que vous désirez donner votre témoignage en français?—R. Oui, Monsieur.

Me DRAPEAU: Bien, monsieur le président, à titre de procureur et d'assistant de M. Gauthier...

Me Monet:

D. Vous êtes son avocat?—R. Oui, monsieur.

D. Et vous êtes monsieur?—R. Jean Drapeau, de Montréal. J'aurais une déclaration de principe à faire. Je pense que j'ai déjà fait transmettre à différentes personnes l'indignation de mes clients. Je crois que la déclaration de principe, faite présentement, est un effet de cette indignation. N'eût été l'empressement de MM. Pelchat, Gauthier et Bernier de réitérer aux membres de ce comité les renseignements qui sont déjà d'ailleurs fournis bien volontiers à de nombreux enquêteurs fédéraux, provinciaux et municipaux, et qui établissent hors de tout doute qu'aucune irrégularité ou illégalité n'a été commise par eux n'eût été l'interprétation fausse que certaines personnes mal intentionnées auraient inévitablement donnée de leur absence, je dois dire que mes clients n'auraient pas été ici cet après-midi. La raison de leur absence en serait une de principe, principe dont la valeur intrinsèque est indiscutable et ne souffre aucune des exceptions que trop facilement et trop souvent l'on semble prêt à accepter, dans certains milieux. Bien que mes clients portent des noms qui ne prêtent à aucun équivoque quant à leur origine raciale, Pelchat, Gauthier et Bernier, ont reçu une soumission entièrement rédigée en langue anglaise. Cette manière de procéder est inacceptable...

M. Lesage:

D. Monsieur le Président, sommes-nous dans une assemblée politique?

Le PRÉSIDENT: Non.

M. LESAGE: Est-ce que nous sommes obligés d'écouter cette déclaration?

Me DRAPEAU: C'est une déclaration que je fais au nom du témoin.

Le PRÉSIDENT: Votre client a été assigné en anglais, nous le regrettons infiniment, veuillez me croire. Vous avez envoyé un télégramme en français, monsieur Arsenault?—R. Oui, monsieur.

Me DRAPEAU: Il est triste de constater tout de même que l'obstruction faite à cette déclaration vient de la part de Canadiens français.

M. Beaudry:

D. Je ne crois pas que le comité ait objection à entendre la déclaration de l'assigné ou de son procureur, puisqu'il l'a déjà fait dans le passé, mais c'est, je crois, parce qu'une partie de cette déclaration traite d'une question qui a déjà été expliquée. Et ce n'était aucunement le désir du comité de la passer sous silence, mais bien d'éviter une répétition.

Me DRAPEAU: Si vous désirez, monsieur le Président, que je mette fin à ma déclaration, je m'y conformerai.

M. BEAUDRY: Je m'objecte à cette partie-là de la déclaration seulement. Je crois que le comité en a déjà été saisi. Je ne crois pas que le comité ait d'objection à entendre votre déclaration, sauf cette partie qui a déjà été traitée.

Me DRAPEAU: Cette manière de procéder est inacceptable et mes clients tiennent à proclamer leur profonde indignation, refusant toute explication aux motifs d'excuse. Inutile d'ajouter que, personnellement, je joins à celle de mes clients l'expression de mon indignation et de mes protestations les plus vigoureuses.

M. BEAUDRY: Est-ce que vous me permettez une question?

Me MONET: Monsieur Gauthier, voulez-vous nous donner votre prénom?—

R. Maurice.

D. Et quelle est votre adresse?—R. 6950, rue Louis-Hémon, Montréal.

D. Quelle est votre occupation?—R. Bijoutier.

D. Depuis combien d'années exercez-vous ce commerce de bijouterie?—

R. Depuis 1945.

D. Dois-je comprendre que vous êtes l'associé de M. Pelchat?—R. Oui, monsieur.

D. En compagnie limitée?—R. Oui, monsieur.

D. Faisant affaire sous le nom de Pelchat et Gauthier?—R. Oui, monsieur.

D. Voulez-vous dire aux membres du comité combien de magasins vous opérez à Montréal ou ailleurs, si vous en opérez ailleurs?—R. Seulement deux, à Montréal.

D. Voulez-vous donner les adresses, s'il vous plaît?—R. 3116, rue Masson, 5104, boulevard Décarie.

D. Je comprends que ces deux magasins font exclusivement le commerce de la bijouterie?—R. Oui, monsieur.

M. Beaudry:

D. Si vous n'avez pas d'autre question, monsieur Monet, permettez-moi de lui en poser quelques-unes. Je comprends que M. Gauthier, ou MM. Pelchat et Gauthier, ont aussi récemment fait le commerce du beurre.

Me MONET: J'allais pour demander au témoin s'il s'était intéressé tout dernièrement, soit la compagnie Pelchat et Gauthier ou personnellement, dans le commerce du beurre?—R. Non, monsieur.

D. Dois-je comprendre, monsieur Gauthier, que tout dernièrement la maison Pelchat et Gauthier a fait l'acquisition d'une certaine quantité de beurre?—R. Oui, monsieur.

D. Voulez-vous nous dire de qui vous avez acheté le beurre en question?—R. De M. David Bernier.

M. Beaudry:

D. Quelle est la profession de M. David Bernier?—R. Je crois qu'il est bœurrrier.

D. Sous quelle raison sociale?—R. Je crois que c'est la Jersey Brand.

M. PINARD: Est-ce qu'il fabrique lui-même du beurre?

M. BEAUDRY: Est-ce Jersey Brand Limited?—R. Je ne le sais pas.

Mr. HARKNESS: Who makes the Jersey Brand? What company makes it?

Mr. MONET: The trader who sold him the butter will appear as a witness.

M. BEAUDRY: Vous dites que M. Bernier est beurrier. Pouvez-vous nous dire s'il fabrique du beurre ou s'il vend du beurre?—R. Il fabrique et vend le beurre.

D. Le connaissez-vous depuis longtemps?—R. Depuis mon enfance.

D. Vous avez acheté du beurre de M. Bernier à une époque relativement récente?—R. Oui, monsieur.

D. A quelle date particulièrement?—R. Le 31 mars.

D. Vous avez acheté du beurre de M. Bernier le 31 mars 1948?—R. Oui, monsieur. J'en avais acheté auparavant; cela fait vingt-cinq ans que j'en achète.

D. Le 31 mars 1948, lorsque vous avez acheté du beurre de M. Bernier, vous avez acheté quelle quantité?—R. 5,600 livres.

D. Vous étiez au courant le 31 mars, ce jour-là, et plusieurs jours précédents, qu'à Montréal il était extrêmement difficile de se procurer du beurre?—R. Certainement.

D. Vous avez, malgré cela, à cause de vos relations avec M. Bernier, réussi à acheter 5,600 livres de beurre?—R. Exactement.

D. Est-ce que vous avez dû déclarer à M. Bernier pour quelles fins vous vouliez acheter 5,600 livres de beurre ou est-ce que M. Bernier vous l'a demandé?—R. Je lui ai dit. Je ne sais pas s'il me l'a demandé le premier, mais je le lui ai dit.

D. Quelles fins avez-vous déclaré être vôtres à M. Bernier?—R. Pour le donner en prime.

D. Vous avez payé ce beurre à M. Bernier, combien?—R. 69c.

D. La livre?—R. Oui, monsieur, exactement.

D. Connaissiez-vous le prix du marché ou le prix que le grossiste pouvait vous vendre le beurre à ce temps-là?—R. Je crois que c'est le prix...

D. Le prix du plafond?—R. Il était jusqu'à 73c.

D. Pardon?—R. Je crois qu'il se vend jusqu'à 73c.

D. A l'époque où vous avez fait cette transaction, étiez-vous sous l'impression que M. Bernier avait le droit de vous vendre ce beurre-là 73c. la livre?—R. Ah, je ne pourrais pas dire.

D. Vous venez de le dire dans une réponse précédente?—R. Je ne pourrais pas dire.

D. Vous avez dit, si ma mémoire est fidèle, il y a un instant, que vous l'avez payé 69c. la livre et je vous ai demandé si ce prix-là était le prix du plafond et vous avez dit; "je le crois"?—R. Oui, monsieur.

D. C'était 73c.?—R. Oui, monsieur.

D. Alors, je vous demande, lorsque vous avez fait cette transaction, si vous étiez sous l'impression que M. Bernier avait le droit de vous vendre ce beurre 73c. la livre?—R. Non, monsieur. Je ne crois pas. Dans le temps, je crois qu'il avait le droit de le vendre 69c., à cause des grossistes.

D. Est-ce que vous ne devriez pas corriger votre réponse précédente. Je ne veux pas vous tendre d'embûche, mais je crois que votre réponse précédente a laissé le comité sous une fausse impression?—R. Je l'ai eu à 69c. croyant qu'il était le prix du plafond.

D. Après avoir expliqué à M. Bernier que vous aviez besoin de cette quantité-là de beurre dans le but de l'offrir en prime?—R. Oui, monsieur.

D. Vous avez expliqué cela à M. Bernier lorsque vous avez fait cette demande du beurre?—R. C'est cela.

D. C'est vous qui en avez fait la demande, ce n'est pas M. Bernier qui vous a offert le beurre?—R. C'est moi qui l'ai demandé.

D. Je reviendrai là-dessus tout à l'heure. La transaction à 69c. la livre représente \$3,600 ou \$3,700?—R. Exactement.

D. Vous avez acheté le beurre le 31 mars 1948, et est-ce que vous l'avez payé comptant?—R. Oui, monsieur.

D. Au montant de combien, à quel montant global?—R. Je ne pourrais pas le dire là. 5,600 fois 69c...

D. Vous êtes bijoutier, vous ne devez pas faire cela à l'année longue?—R. Je ne peux pas vous dire le chiffre exactement,—\$3,800 et quelques piastres.

Me Monet:

D. \$3,864, est-ce que cela rafraîchit votre mémoire?—R. Peut-être. Oui, c'est cela exactement.

M. Beaudry:

D. Vous avez payé le beurre de quelle façon?—R. Par chèque.

D. Daté de quand?—R. Le 31 mars.

D. Le chèque a été encaissé à quelle date?—R. Il n'a pas été encaissé.

D. Le chèque n'a pas été encaissé?—R. Non, monsieur.

D. Voulez-vous nous expliquer pourquoi?—R. Parce que, naturellement, on voulait voir la réaction avant. C'était plutôt par protection, pour pouvoir le garder. Naturellement, on disait que si la vente ne marchait pas comme on avait pensé, qu'il y aurait peut-être moyen d'annuler cela.

D. Quand vous dites qu'il y aurait peut-être eu moyen d'annuler cela, est-ce que vous parlez à votre point de vue ou à celui de M. Bernier?—R. Je crois bien que nous pouvions nous entendre. C'est un ami de la famille.

D. Est-ce qu'il y avait eu entente au préalable?—R. Une entente verbale, naturellement.

D. En fin de compte, il y avait eu une entente à l'effet que,—si je puis résumer votre transaction,—vous aviez le droit de tirer sur Bernier jusqu'à concurrence de 5,600 livres de beurre?—R. C'est cela.

D. Mais si vous n'en aviez pas besoin pour les fins de votre commerce, si l'octroi ou l'offre de beurre dont on parle ne donnait pas les résultats désirés, vous entendiez avoir le droit de demander à Bernier de reprendre son beurre et de vous remettre l'argent?—R. Oui, monsieur.

D. Effectivement, est-ce cela qui est arrivé?—R. Oui, monsieur.

D. Effectivement?—R. Oui, monsieur.

D. Effectivement, Bernier n'a jamais encaissé le chèque?—R. Exactement.

D. Le chèque de \$3,864, daté le 31 mars?—R. Oui, monsieur.

D. M. Bernier vous a-t-il donné du beurre le 31 mars?—R. Je ne pourrais pas dire exactement. Le 31 mars, je ne sais pas quelle date c'était.

Le Président:

Le 31 mars, c'était le 31 mars.

Le TÉMOIN: Je veux dire le jour.

Le PRÉSIDENT: C'était un mercredi.

D. Une transaction de beurre pour un bijoutier, c'est assez inusité. Nous parlons d'un fait qui s'est déroulé, au maximum, il y a neuf jours. Vous ne vous rappelez pas du montant exact que vous avez payé par chèque, pour 5,600 livres de beurre. Vous ne vous rappelez pas de la date exacte à laquelle vous avez reçu du beurre. Je veux modifier le ton de mes questions. Je vais les faire excessivement simplistes. Avez-vous reçu du beurre de M. Bernier?—R. J'ai reçu 200 livres, je ne puis pas dire si c'est le 31 ou le 1er.

D. A quelle date avez-vous offert du beurre en prime à vos clients?—R. Je ne le sais pas exactement, réellement.

D. Est-ce qu'il y a quelqu'un dans votre industrie qui est au courant des faits de votre industrie?—R. Je le suis.

D. Pour le beurre?—R. Je le suis.

Le PRÉSIDENT: Le 31 mars, c'était un mercredi, je pense.

M. BEAUDRY: Est-ce que vous voulez répondre plus clairement?

Le PRÉSIDENT: Je suggère cela.

Le TÉMOIN: Le 31 mars.

M. BEAUDRY:

D. Le 31 mars, vous avez donné un chèque de \$3,864?—R. Oui, monsieur.

D. Vous avez donné \$3,864,—vous me corrigerez si je me sers du mauvais terme,—avec la promesse: N'encaissez pas le chèque si je n'ai pas reçu le beurre?—R. Exactement.

D. De quelle façon avez-vous disposé de ce beurre?—R. Aux clients qui venaient acheter pour \$5.

D. Je ne sais pas si le comité jugera que la prochaine question est acceptable. Vous avez deux magasins, un sur la rue Masson et l'autre sur le boulevard Décarie. Auriez-vous objection à nous dire les affaires brutes que vous faites dans les deux magasins?—R. Oui, monsieur.

D. Vous auriez objection à me le dire?—R. Oui, monsieur. Je ne pense pas que cela ait de relation avec le beurre.

M. BEAUDRY: Pour l'instant je vais passer.

M. LESAGE: Cela en a autant que la bijouterie.

M. Beaudry:

D. Quand vous avez donné le beurre en prime, c'est de quelle date à quelle date?—R. Le 31, exactement.

D. Le 31, vous avez donné du beurre en prime?—R. Oui, monsieur.

D. Alors, toute la transaction qui nous intéresse s'est faite le 31. Le 31, vous avez donné un chèque qui n'a pas été encaissé; vous avez reçu du beurre, vous ne vous rappelez pas quand l'avoir reçu, vous ne vous en rappelez pas il y a un instant, alors la réponse est que vous avez reçu le beurre le 31, puis que c'est la date que vous l'avez donné, le 31?—R. Je vois la date qui est marquée sur l'annonce, il n'est pas nécessaire de s'enflammer pour une question de date.

D. Le comité ne s'enflamme pas. Nous traitons d'une transaction qui a été faite dans la même journée. Si je me reporte à une réponse que vous avez donnée tout à l'heure, vous ne vous rappelez pas du montant du chèque que vous avez donné?—R. Je ne m'en rappelais pas à quelques piastres près, mais je savais que c'était \$3,860 et quelques piastres.

D. A quelques jours près, disons que pour vous c'est le 31 mars, vous avez fait une transaction conditionnelle avec M. Bernier, par laquelle vous avez donné un chèque qui devait être conditionnellement encaissé, mais qui de fait n'a pas été encaissé, et par laquelle transaction vous avez reçu d'un montant total de 5,600 livres de beurre 200 livres seulement. Vous en avez distribué combien ce jour-là?—R. A peu près, quarante livres, trente-cinq ou quarante livres.

D. Nous serait-il possible d'avoir les chiffres exacts?—R. Monsieur, je crois que c'est trente-sept livres.

D. Est-ce que vous croyez que cela est exact ou est-ce que vous croyez que cela peut être exact?—R. C'est cela.

D. Vous avez distribué exactement trente-sept livres de beurre en prime le 31 mars. Vous aviez encore 5,400 livres de beurre en réserve que vous aviez payées conditionnellement. Vous aviez encore 163 livres sur les 200. Qu'est-ce que vous avez fait des 163 livres?—R. Je les ai chez moi et chez mon associé.

D. Vous avez chez vous dans le moment 163 livres de beurre?—R. Mais, depuis, j'en ai donné à des membres de ma famille.

D. Monsieur le Président, je ne puis avoir du témoin une réponse. Dans la même phrase, il dit qu'il a 163 livres de beurre chez lui et il dit qu'il n'a pas chez lui 163 livres. Vous aviez encore à votre compte, je présume, 5,400 livres de beurre. Qu'est-ce qu'il est arrivé de ces 5,400 livres de beurre?—R. Elles sont dans l'entrepôt, M. Bernier les a reprises.

D. Est-ce qu'elles sont à votre nom?—R. Non, elles sont au nom de M. Bernier.

D. Maintenant, nous sommes en face d'une autre transaction par laquelle vous avez remis à M. Bernier 5,400 livres de beurre. A quelle condition et quand?—R. Lundi, le 5 avril.

D. Lundi, le 5 avril, vous avez remis cela à M. Bernier?—R. C'est-à-dire que je ne lui ai pas remis, le beurre était entreposé, là.

D. Vous avez avisé M. Bernier que pour les 5,400 livres de beurre que vous aviez achetées, qu'il pouvait les retenir?—R. C'était justement à cause de la Commission des Prix qu'il m'avait conseillé de discontinuer cela. J'ai discontinué la journée même à en vendre et le samedi comme c'était une journée où j'étais passablement occupé, j'ai fait cela le lundi, j'ai changé le chèque, je lui ai donné un chèque de \$138 et j'ai pris le mien.

D. Vous n'avez pas payé à M. Bernier le montant pour 5,600 livres de beurre, mais M. Bernier a repris 5,400 livres de beurre et vous lui avez donné un chèque pour payer la différence entre 5,600 livres de beurre et 5,400 livres de beurre, cela est exact?—R. Oui, monsieur.

M. FLEMING: Monsieur le Président, si M. Beaudry voulait bien parler plus lentement et le témoin parler plus haut et plus lentement, les députés pourraient les comprendre mieux.

M. BEAUDRY: Je m'excuse, M. Fleming a parfaitement raison.

M. Beaudry:

D. Le 5 avril, contre l'abstention que vous avez fait signifier à M. Bernier de prendre possession des 5,400 livres de beurre achetées et payées en théorie le 31 mars, M. Bernier vous a remis le chèque de \$3,864 que vous aviez donné et, à votre tour, vous avez donné un chèque de \$138 qu'il a accepté et dont vous ne connaissiez pas le sort jusqu'à date?—R. Oui, monsieur.

D. Et vous ne connaissez pas le sort jusqu'à date des 5,400 livres de beurre dont vous avez été temporairement propriétaire sinon possesseur?—R. Non, monsieur.

D. Vous m'avez dit tout à l'heure que vous aviez 163 livres de beurre entre vos mains le 31 mars, qu'elles ont été placées chez vous, et vous avez répondu également que vous en aviez distribué; auriez-vous objection à me dire si ce beurre est encore chez vous ou s'il a été distribué?—R. Personnellement, j'ai environ quarante ou quarante-deux livres, mon associé en a à peu près le même montant.

D. Est-ce que vous l'avez donné à titre de bijoutier ou d'individu?—R. D'individu.

D. Alors, il doit rester environ 83 livres de beurre, si je calcule bien; voulez-vous nous dire ce que vous en avez fait?

Me DRAPEAU: Je soumets que cette question a déjà été posée et que la réponse a été fournie également sous une autre forme, monsieur le président.

Le TÉMOIN: Bien, si vous voulez que je vous énumère tous les membres de ma famille...

M. BEAUDRY: Si vous donnez cela comme réponse, c'est la réponse que je veux?—R. C'est cela.

D. A l'heure actuelle, vous et votre associé détenez environ 80 livres de beurre?—R. C'est cela, nous en avons à peu près chacun quarante livres.

D. Auriez-vous l'obligeance de me dire de quelle façon ont commencé les négociations, entre vous et M. Bernier, qui se sont terminées par la transaction par laquelle M. Bernier vous a vendu 5,600 livres de beurre et cela sans entrer dans d'autres compilations pour l'instant?—R. Je ne comprends pas très bien votre question?

D. Dans quelles circonstances la transaction par laquelle vous demandiez à M. Bernier s'il ne pouvait pas vous céder 5,600 livres de beurre s'est amorcée?—R. Je suis allé le voir un soir après la fermeture du magasin. J'avais eu l'idée de faire une espèce de vente comme cela. Je suis allé le voir tout simplement et je lui en ai parlé et, comme un ami de la famille, il l'a fait.

D. M. Bernier vous a dit qu'il pouvait vous donner assez facilement 5,600 livres de beurre?—R. Il m'a donné sa réponse le lendemain.

D. Vous saviez qu'à ce temps-là un grand nombre de gens avait de la misère à obtenir du beurre, au quart de livre où pas du tout?—R. J'étais au courant qu'il était bien rare.

D. Quel motif auriez-vous donné pour donner le beurre en prime?—R. Bien entendu, je savais qu'il était rare.

D. Ne vous est-il pas venu à l'idée qu'il y aurait un grand nombre de citoyens de la ville de Montréal, pour qui le beurre était assez rare, qui trouveraient inusité qu'un bijoutier, ou le propriétaire d'un autre genre de commerce, puisse en trouver lui pour simplement la raison que vous avez donnée, celle d'une vieille amitié entre vendeur de beurre et bijoutier et que celui-ci puisse en donner en prime gratuitement?—R. Naturellement, cela aurait pu frapper.

D. D'après vous, est-ce que cela aurait pu ou est-ce que cela doit frapper?—R. Ah! cela devait.

M. Pinard:

D. Est-ce que cela vous est venu à l'idée à la suite d'une pratique adoptée par d'autres maisons de commerce?—R. Non, monsieur.

D. C'est vous qui en avez pris l'initiative?—R. Oui, monsieur.

D. Est-ce que cela se faisait antérieurement à Montréal?—R. Je n'en ai pas entendu parler.

D. A ce moment-là?—R. Non.

D. Cette idée vous est venue à vous et elle ne vous a pas été suggérée par d'autres maisons de commerce?—R. Absolument pas.

M. Beaudry:

D. Aujourd'hui, monsieur Gauthier, en êtes-vous venu à l'opinion qu'un grand nombre de gens de la ville de Montréal peuvent trouver insolite le fait que l'on puisse trouver 5,600 livres de beurre dans un commerce comme le vôtre, alors que les gens ne peuvent pas en acheter et que vous, vous en avez à l'année?—R. Absolument, mais je ne crois pas que cette question puisse se rapprocher de l'autre. C'est une question personnelle. J'aurais été épicier et j'aurais pu faire la même transaction. Cela ne m'a pas paru anormal.

D. Cela est une question d'interprétation pour le comité et je ne crois pas que l'on puisse vous la laisser.—R. Ah!

D. J'aimerais à ce que vous me disiez si vous croyez que, dans votre cas, la transaction que vous avez faite, n'est-ce pas, aux yeux de tous les habitants de la ville de Montréal et probablement de tout le pays, ne pouvait pas paraître extrêmement anormale?—R. Cela en a bien l'air d'après la réaction.

D. Est-ce que vous admettez que votre réaction est autrement que celle des autres?—R. Moi, si j'avais trouvé cela tellement anormal, bien, je ne l'aurais probablement pas fait.

D. Je comprends que, des fois, les esprits bien avertis peuvent avoir des réactions différentes, une aujourd'hui et une autre une autre semaine. J'aimerais à ce que vous me disiez si vous ne pensez pas que votre transaction, après réflexion faite aujourd'hui,—et ce n'est pas que je veuille vous accuser de malhonnêteté,—ait une conséquence qui soit illégale?—R. Réellement, je ne le crois pas. Je ne considère pas mon cas pire que celui des théâtres qui donnent de la vaisselle ou n'importe quel autre commerce qui donne des primes.

D. Pourquoi n'avez-vous pas offert de la vaisselle plutôt que du beurre qui, à ce moment-là, était à peu près absent du marché?—R. J'ai pensé que, le beurre étant rare, la prime serait plus alléchante. Cela est normal.

D. Vous étiez prêt à spéculer pour faire un profit pour améliorer vos ventes sur le fait qu'un grand nombre de gens de la ville de Montréal n'avaient pas de beurre. Mais vous qui n'étiez pas dans le commerce du beurre, mais qui aviez apparemment une certaine amitié chez un commerçant de beurre, avez profité de cette amitié pour faire une spéculation?—R. Le beurre, de toute façon, était consommé par les gens.

D. C'est entendu qu'il y a eu 37 livres de beurre de données?—R. Il y a eu 37 livres de beurre données, c'est cela.

D. Tout de même, il n'y a que 37 personnes qui ont bénéficié, dans toute l'île de Montréal, de la transaction par laquelle vous avez acquis mainmise sur 5,600 livres de beurre. Trouvez-vous que c'est une distribution équitable du beurre dans la ville de Montréal?—R. Cela est absolument personnel, parce que...

D. Attendez, voici une autre question, à présent...

Me DRAPEAU: Le témoin peut finir sa réponse...

Le PRÉSIDENT: Permettez au témoin de répondre.

Le TÉMOIN: Bien que j'aie eu 5,400 livres de beurre, je crois qu'actuellement il y a des milliers de livres de beurre dans les entrepôts.

Me Monet:

D. Dites-vous qu'il y a des milliers de livres de beurre dans les entrepôts?—Je crois que cela est excessivement important. Monsieur Gauthier, bien que vous êtes sous serment, vous venez de dire qu'il y a des milliers de livres de beurre dans les entrepôts?—R. Absolument, mais je ne sais où. Le beurre que l'on consommera la semaine prochaine est actuellement dans les entrepôts.

M. LESAGE: Vous dites cela, actuellement...

Me MONET: Monsieur le Président, je ne veux pas être désagréable pour mon confrère qui assiste le témoin, mais je tiens à faire remarquer que depuis le commencement de son témoignage, M. Drapeau, qui représente et assiste son client comme il a droit de le faire, passe presque tout son temps à donner à son témoin presque des réponses. Je demanderais à ce que M. Drapeau avise son client comme il l'entend, mais qu'il ne lui suggère pas les réponses. Vous venez de dire, sous serment, qu'il y a des milliers de livres de beurre entreposés à Montréal?—R. Je ne peux pas dire.

D. Vous ne pouvez pas dire?—Vous avez assermenté qu'il y avait des milliers de livres de beurre dans les entrepôts à Montréal?—R. Je me base sur les raisons que le beurre est entreposé quelque part, il est dans les entrepôts, le beurre que l'on a à consommer la semaine prochaine.

D. Vous dites que vous le savez, pouvez-vous dire où?—R. Je ne le sais pas.

D. Pouvez-vous nommer une grosse compagnie ou une maison d'entreposage regorgeant de beurre actuellement?—R. Je ne peux pas nommer de compagnies.

D. Cependant, vous avez déclaré sous serment qu'il y en a?—R. Oui, monsieur.

M. Beaudry:

D. Monsieur Gauthier, je vous ai parlé tout à l'heure d'un chiffre d'affaires annuel que vous préférez ne pas donner?—R. J'ai juste dit que cela n'avait pas de relation.

D. Ce n'est pas une raison capitale. J'aimerais à vous poser une autre question, qui vous ferait peut-être voir la question sous un autre œil. Votre intention était, je comprends, de donner une livre de beurre en prime à chaque \$5 d'achat fait à l'un ou à l'autre de vos magasins?—R. Oui, monsieur.

D. Vous avez, dans ce but, acheté 5,600 livres de beurre?—R. Oui, monsieur.

D. C'est ce que vous répondez?

LE PRÉSIDENT: Quelle était votre réponse?

Le TÉMOIN: Oui, monsieur.

M. Beaudry:

D. Vous avez acheté 5,600 livres de beurre. Vous aviez raison, je présume, de croire, à la lumière de ce qui était généralement connu dans le public du pays, que la disette de beurre ne pouvait pas durer beaucoup normalement plus d'un mois. Vous, est-ce que vous aviez raison de croire autre chose?—R. Non monsieur, je croyais que cela pouvait être à peu près cela.

D. Auriez-vous l'obligeance de multiplier vos 5,600 livres de beurre par \$5 et nous dire quel chiffre d'argent vous espériez faire en regard des 5,600 livres de beurre que vous jugiez nécessaire d'octroyer comme prime durant le mois?—R. \$28,000 à peu près.

D. Lorsque, tout à l'heure, je vous ai demandé votre chiffre d'affaire annuel, croyez-vous qu'il y a relation entre ce que vous dites et votre déclaration de chiffre annuel?

Me DRAPEAU: Je m'objecte. Est-ce qu'on doit faire une enquête sur les méthodes de commerce, sur les moyens de promouvoir les ventes? Peu importe le chiffre d'affaire annuel. Un propriétaire de commerce peut chercher à activer ses ventes. Est-ce qu'on fait le procès des méthodes de commerce ou si l'on veut savoir d'où vient le beurre? Je trouve que l'on va un peu loin.

LE PRÉSIDENT: Je n'y vois pas d'objection.

Mr. THATCHER: May I ask one question? Is Mr. Beaudry suggesting this procedure is illegal?

Mr. BEAUDRY: I am merely questioning in regard to the motion which was approved by this committee the day before yesterday.

The CHAIRMAN: Mr. Beaudry is trying to get some information germane to this committee.

Mr. BEAUDRY: We are dealing strictly with the question of the scarcity of butter as it may affect the price, and the use of butter as a premium with regard to the effect on prices.

Mr. THATCHER: You are not suggesting this procedure is illegal?

The CHAIRMAN: No. This witness has said there was a lot of butter available in the last few questions, and particularly as revealed by Mr. Monet. Mr. Monet said, "Well, who has all this butter? Give us the names." The witness said, "I cannot give you the names but I am quite satisfied there is a lot of butter available." It is only by questions that seemingly do not have a direct value that we sometimes get replies to questions that do have direct value. You have to allow a certain latitude in examination, and that latitude I am permitting unless the committee thinks it is not permissible.

M. Pinard:

D. Maintenant, monsieur Gauthier, vous avez vendu, dites-vous, 37 livres de beurre ou plutôt vous avez donné 37 livres de beurre en prime. Est-ce que vous

vous souvenez du montant que ces ventes ont rapporté par ces primes, le montant total de ces ventes en regard de ces 37 livres de beurre données en prime?—R. Je n'ai pas les chiffres exacts en main.

D. Est-ce que ces ventes étaient de \$5 en moyenne ou si elles dépassaient ce montant-là?—R. Quelques ventes dépassaient le montant.

D. Pouvez-vous nous dire si les achats qui ont été faits étaient des achats nécessaires. Est-ce que ces achats étaient nécessaires ou s'ils étaient tout simplement consentis dans le but d'avoir une livre de beurre?—R. Je crois que certaines gens se préoccupaient de cela et profitaient des besoins de bijouterie.

D. Vous vous rendez bien compte que, dans le commerce de la bijouterie, il n'y a pas d'objets vendus qui ne sont pas indispensables au commerce. Les bijoux ne sont pas des objets que l'on achète normalement. Si je vous suggérais, que la plupart de ces ventes ont été faites parce qu'il y avait l'attrait de la prime du beurre?—R. Absolument. Je crois, cependant que je puis baser mon opinion surtout sur le fait que, chaque semaine, il se dépense un certain montant d'argent en bijoux. Naturellement, chaque bijoutier compte sur un montant de vente ordinairement, alors, naturellement, je me disais, lorsque les gens ont besoin de beurre, au lieu d'aller sur la rue, disons n'importe quelle rue à Montréal, ils en profiteront, justement parce qu'ils ont besoin soit d'un cadeau à faire ou simplement un achat personnel, pour avoir du beurre.

D. Vous admettez que ces ventes-là n'auraient pas eu lieu s'il n'y avait pas eu une prime attachée?—R. Je n'admets pas cela.

D. Vous admettiez cela tantôt?—R. Non.

D. Vous vous corrigez?—R. Oui, monsieur.

D. Quelles sont ces ventes-là, qu'est-ce qui a été vendu?—R. Particulièrement, deux montres; puis, quelques bijoux.

Le PRÉSIDENT: C'est tout?

M. Pinard:

D. Quel a été le prix le plus élevé d'une de ces ventes?—R. Je crois que c'est \$70.

D. C'est à la vente d'une montre que vous réferez là?—R. Oui, monsieur.

D. Était-ce pour deux montres?—R. Une montre seulement.

D. Est-ce que la proportion de beurre varie avec la vente?—R. Absolument.

Me MONET: Je comprends que vous donniez une livre de beurre avec un achat de \$5, deux livres pour \$7 et trois livres pour \$10?—R. Oui, monsieur.

M. PINARD: Combien avez-vous fait de ventes pour disposer des 37 livres que vous avez données?—R. Nous avons vendu pour environ comme \$200 à chaque magasin.

D. A combien d'acheteurs au maximum? Voici monsieur le Président, si les acheteurs qui ont bénéficié par des achats de sept, huit ou dix livres, ou quatorze ou quinze livres de beurre, c'était encore rendre la situation pire. Si, par exemple, pour 37 livres de beurre, il n'y a eu que trois ou quatre acheteurs, je prétends que cela aggravait la situation. Il ne me reste qu'une seule question à vous poser. Pouvez-vous nous dire, au maximum, combien de clients ont profité de cette situation-là, de la prime attachée aux ventes?—R. Peut-être, que sur la rue Masson, je crois que c'est à peu près quinze.

D. Alors, cela fait un endroit où le beurre était donné?—R. Oui. Je crois que c'est à peu près la même chose aux deux places.

D. Est-ce que vous n'auriez pas donné plus de 37 livres de beurre?—R. Il y en a qui achetaient pour moins de \$5.

D. Alors, ceux qui achetaient pour moins de \$5 avaient également une prime?—R. Non, monsieur.

D. Alors, je parle de ceux qui ont eu une prime de beurre: combien? Vous avez donné 37 livres de beurre . .

M. LESAGE: Combien la deuxième montre?—R. Je ne pourrais pas dire le prix.

D. La première était de \$70 et si l'autre était à \$75 cela représenterait 20 livres de parties?—R. Une personne seulement avait droit à trois livres de beurre pour une montre qui se vendait à \$70.

Me MONET: Pourquoi avez-vous donné moins?—R. J'ai donné un escompte sur la montre.

M. Pinard:

D. Est-ce que vous avez annoncé dans les journaux cette façon de pratiquer votre commerce celle que vous adoptiez?—R. J'ai annoncé dans le *Star* et dans la *Presse*.

D. Et vous portiez ainsi à la connaissance du public que vous profitiez en somme, de la rareté excessive du beurre dans le but d'augmenter votre clientèle et le chiffre de vos ventes. Vous portiez cela à la connaissance du public par des avis dans les journaux ou par des annonces; est-ce que c'est exact?—R. Oui, monsieur, absolument, je l'ai fait publier dans les journaux.

D. Vous devez vous rendre compte aujourd'hui que pareille façon d'agir aidait à créer ou augmenter considérablement le malaise actuellement ressenti par la population de Montréal et des environs. Est-ce que vous vous rendez compte de cela?—R. Je ne crois pas que les quelques livres que j'aurais pu donner pouvaient mettre la situation pire.

D. Est-ce que vous trouvez que c'est une bonne pratique dans le commerce?—R. Peut-être pas.

D. Je suis de votre avis.

Me Monet:

D. Avant que vous quittiez la table monsieur Gauthier, j'aurais deux ou trois questions à vous poser. Ces questions se rapportent à ce que M. Beaudry vous a demandé au commencement de votre témoignage. Vous avez acheté du beurre auparavant de M. Bernier?—R. Oui, monsieur.

D. Dois-je comprendre que vous achetiez de M. Bernier des quantités considérables de beurre, ou des petites quantités?—R. Plusieurs, plus de petites quantités.

R. Avez-vous déjà acheté une grande quantité comme cette fois-ci?—R. Non.

D. C'était pour l'usage de votre famille seulement?—R. Oui, monsieur.

D. Je vois dans l'annonce d'un journal de Montréal, en date du 30 mars, votre annonce: "Pelchat et Gauthier annoncent un livre de beurre avec chaque achat de \$5". Cette annonce est en date du 30 mars. Je vous dis ceci pour vous rafraîchir la mémoire et pour que vous nous disiez si cette annonce-là a bien paru le 30 mars. Vous avez parlé tantôt du 31 à M. Beaudry, la date à laquelle la transaction a été faite pour le beurre. Voulez-vous vous rafraîchir la mémoire et nous dire si ce n'est pas plutôt le 30 mars que cette annonce-là a paru. Est-ce possible que ce soit le 30 mars?—R. Absolument.

D. Avez-vous dit que vous auriez annoncé ce beurre en prime une journée antérieure à la date de la conclusion de votre arrangement avec M. Bernier. Voulez-vous expliquer cela aux membres du comité?—R. Absolument, je me fiais sur M. Bernier.

D. Donc vous avez entamé vos négociations avec M. Bernier avant le 30 mars?—R. Absolument.

D. Quand avez-vous entamé les premières négociations? Tantôt vous avez dit à M. Beaudry que tout c'était passé le 31. Voulez-vous nous dire quand vous avez entamé les premières négociations avec M. Bernier au sujet des 5,600 livres de beurre?—R. Je puis vous le dire, c'est le vendredi qui précédait cela.

D. Vous êtes certain que c'est le vendredi qui a précédé cela. Ce serait le vendredi saint. Quel jour était-ce quand vous avez discuté cela avec M. Bernier, et était-ce à votre magasin?—R. Non, chez lui.

D. Le soir ou l'après-midi?—R. Le soir.

D. Etiez-vous accompagné de M. Pelchat ou si vous étiez seul?—R. J'étais accompagné de M. Pelchat.

D. M. Pelchat a été témoin de la conversation entre M. Bernier et vous-même au sujet du beurre, et c'était le 26 mars?—R. Absolument.

D. Pourquoi avez-vous dit à M. Beaudry tantôt que cette transaction avait eu lieu le 31 mars alors que c'était le 26 mars?—R. J'ai parlé dans ce sens parce que le chèque a été fait le 31 mars.

D. Le premier entretien, le 26 mars, était au sujet du beurre?

M. LESAGE: Monsieur le Président, est-ce que M. Bernier est dans la salle?

Me MONET: Oui, je le crois. Je ne le connais pas.

D. Est-ce qu'il ne serait pas dans l'intérêt de tous que M. Bernier se retire pendant que nous questionnions le présent témoin en détail sur ce qui s'est passé dans l'entrevue qui a entraîné cette transaction?

Me MONET: Pour cette partie-là du questionnaire, je crois que M. Bernier ne devrait pas être dans la salle.

Le PRÉSIDENT: Est-ce que M. Bernier est dans la salle?

M. BERNIER: Oui.

Le PRÉSIDENT: Voulez-vous sortir pour quelques minutes s'il-vous-plaît?

M. Bernier se retire.

Me Monet:

D. Monsieur Gauthier, je désire être aussi bref que possible sur ce point-là. Situons bien le débat sur la transaction. Vous êtes chez Bernier, le 26 mars, et pour la première fois il est question entre votre associé, vous-même et M. Bernier de cette transaction-là?—R. Certainement.

D. Monsieur le Président, je demanderais à ce que M. Pelchat, qui est dans la salle, se retire.

M. LESAGE: Est-ce qu'il était présent lors de l'entrevue?

Me MONET: Il était présent à l'entrevue.

Me MONET: Je comprends que M. Pelchat était présent à l'entrevue le 26 mars?—R. Oui, monsieur.

D. Il n'était pas à l'entrevue lorsque le chèque a été donné?—R. Non, monsieur.

D. Est-ce que, à cette entrevue-là, il a été convenu que M. Bernier vous fournirait sur demande 5,600 livres de beurre?—R. Non, il n'a pas donné de réponse.

D. Est-ce qu'il a été question du prix?—R. Oui.

D. Quel prix a-t-il été fixé?—R. Le prix du marché, 69c.

D. M. Bernier vous a-t-il dit ou a-t-il fait allusion au fait qu'il pouvait vendre ce beurre-là, qui était très rare à ce moment, à 73c. la livre?—R. Non, monsieur.

D. Avez-vous mentionné à M. Bernier qu'il pouvait vendre son beurre à 73c. la livre, au détail?—R. Non, monsieur.

D. Alors, sans parler du prix que M. Bernier pouvait obtenir au détail, il vous a offert son beurre à 69c.?—R. Il nous a donné la réponse le lendemain.

D. Il n'a pas été question du prix qu'il pouvait obtenir pour son beurre si lui, M. Bernier, le vendait au détail?—R. Non, monsieur.

D. M. Bernier a-t-il dit qu'il avait beaucoup de demandes pour le beurre à ce moment-là?—R. Non monsieur, pas particulièrement.

D. Il n'y a pas fait allusion?—R. C'était un fait.

D. Je comprends que vous êtes bijoutier, n'est-ce pas, et que vous avez demandé 5,600 livres de beurre à M. Bernier. L'avez-vous mis au courant, le 26 mars, de votre intention de disposer de ce beurre-là en le donnant comme prime?—R. Oui, monsieur.

D. Et M. Bernier n'a pas dit ou n'a pas fait allusion, ni de près ni de loin, au fait qu'il pourrait vendre son beurre au détail à un prix bien supérieur à 69c.?—R. Non, monsieur.

D. Vous jurez cela?—R. Oui, monsieur.

M. Beaudry:

D. Voulez-vous me permettre une question, Me Monet? Est-ce qu'il y avait d'autres conditions à la vente que le paiement en argent mentionné. Peut-être y a-t-il eu quelques mots au cours de l'entrevue?—R. Non, monsieur.

D. Il n'y avait aucune autre condition mentionnée spécifiquement ou sous-entendue à l'offre de vente du beurre à 69c. que le seul paiement par vous?—R. Non, monsieur.

D. Aucune autre condition, devoir remettre, par exemple, ce dont vous n'auriez pas besoin?—R. Non, monsieur.

D. Il n'a été aucunement question de dédommagement pour entreposage de 200 livres de beurre pendant quatre jours?—R. Non, monsieur.

D. M. Bernier, bénévolement, était prêt à vous livrer 5,000 livres de beurre pour aider votre organisation et à l'entreposer pendant un mois, si cela faisait votre affaire, pour vous rendre service?—R. Oui.

D. Et à une époque où il n'y avait pas de beurre à Montréal?—R. Oui, monsieur.

D. Tout cela était un service bénévole. Vous jurez cela?—R. Oui.

M. Pinard:

D. Il n'a pas offert d'acheter des bijoux chez vous?—R. Non, monsieur. Je vous dis que M. Bernier était un ami de la famille depuis vingt-cinq ans.

D. C'est sur le compte de l'amitié que vous mettez tout cela?—R. Oui, monsieur.

M. Lesage:

D. Est-ce que M. Bernier vous a dit pourquoi il ne pouvait pas vous donner une réponse le soir-même?—R. Non, monsieur.

D. Purement et simplement, il vous a dit qu'il vous donnerait une réponse demain?—D. Oui, monsieur.

D. Il ne vous a pas dit ce jour-là qu'il ne l'avait pas en stock ou quoi que ce soit?—R. Non, monsieur.

D. Est-ce qu'il vous a dit: "Je vais voir si j'en ai"?—R. Non, monsieur.

D. Quelle excuse vous a-t-il donnée pour remettre cela au lendemain?—R. Il a dit qu'il était pour penser à cela, pour voir si c'était légal.

D. C'est la raison qu'il vous a donnée pour remettre sa réponse au lendemain?—R. Oui, monsieur.

D. Pour penser à son affaire?—R. Oui, monsieur.

D. C'était 100 caisses?—R. Oui, monsieur.

M. Beaudry:

D. Avez-vous discuté de la légalité ou de l'illégalité de la transaction, ce jour-là?—R. Sur un point, oui, monsieur. Lui, il a dit qu'il avait le droit de le vendre à qui il voulait. Je pense qu'on a toujours cru avoir le droit de le donner, peut-être pas de le vendre mais de le donner.

D. Quel motif avez-vous exprimé lors de la discussion au sujet de la légalité de la transaction, puisque je prends pour acquis que c'est ce qui s'est passé?—
R. Justement, parce qu'on avait pas de permis pour avoir du beurre ni pour en vendre, et vu qu'on le donnait, on croyait bien que ce n'était pas illégal du tout.

M. Beaudry:

D. Et, en dépit de tout cela, la conception que vous vous faisiez de l'augmentation des ventes et du profit que vous pourriez en retirer à votre propre bénéfice personnel, au détriment de 5,600 consommateurs qui auraient pu en bénéficier normalement, vous faisait outrepasser ce manque de permis...
R. J'étais positif que, vu qu'on le donnait, il n'y avait rien d'illégal à cela.

D. Je vous répète ma question comme je vous l'ai posée, c'est ceci: La conception des profits ou de l'augmentation des ventes que vous espériez ou que vous croyiez pouvoir faire vous faisait outrepasser toutes les considérations que vous aviez dans l'esprit à ce moment-là, savoir celle de l'illégalité possible, du manque de permis possible, etc?—R. Du moment que je le leur donnais, j'étais positif qu'il n'y avait rien de mal là-dedans.

D. La réponse à ma question, c'est oui ou non?

Le TÉMOIN: Voulez-vous la répéter s'il vous plaît?

La question est relue au témoin par le sténographe.

Le TÉMOIN: Bien, absolument, je ne l'avais pas cette conception d'illégalité que M. Beaudry vient de dire, je ne l'avais pas justement parce que je savais qu'on le donnait et qu'il n'y avait rien d'illégal à ça.

D. Et, en dépit du fait que M. Bernier vous a dit, suivant votre réponse de tout à l'heure, qu'il n'était pas prêt à vous vendre du beurre,—à vous vendre ce beurre-là,—parce qu'il n'était pas convaincu de la légalité de cette affaire?

M. Pinard:

D. Avez-vous consulté un avocat là-dessus?

Le PRÉSIDENT: Bien, un à la fois seulement, s'il vous plaît, messieurs.

Le TÉMOIN: C'est-à-dire, j'en ai parlé à M. Drapeau, ici.

M. LESAGE: J'aimerais bien à ce que le témoin donne une réponse à la question de M. Beaudry.

Le PRÉSIDENT: Voulez-vous donner votre réponse?

Le TÉMOIN: C'est non, monsieur.

Me MONET: Je n'ai pas d'autres questions à poser au témoin.

M. Beaudry:

D. Pourquoi M. Bernier n'a-t-il pas repris les 80 ou 84 livres de beurre dont vous n'avez pas disposé, que vous n'avez pas vendues et que vous avez entreposées chez vous actuellement?—R. Parce que je n'ai pas offert de les lui remettre.

D. Pourquoi les gardez-vous?—R. Pour ma consommation personnelle.

D. Pendant combien de mois?—R. je n'en ai pas fait le calcul.

M. Lesage:

D. Vous avez plusieurs enfants, vous avez une nombreuse famille?—R. On est cinq à table.

Me Monet:

D. Je comprends que votre associé en a gardé 40 livres également?—
R. Exactement.

M. BEAUDRY: Je crois que je n'ai pas d'autres questions à poser au témoin pour le moment. Toutefois, je suis intéressé de savoir que M. Gauthier a 40 à 42 livres de beurre chez lui et que son associé en a autant lui aussi?—R. Oui.

M. FLEMING: Monsieur le président, j'ai une question à poser au témoin, s'il vous plaît, si elle n'a pas déjà été posée.

D. Monsieur Gauthier, avez-vous reçu de M. Bernier une facture pour ce beurre?—R. Oui monsieur.

D. L'avez-vous ici?—R. Non, monsieur, je l'ai encore par exemple.

D. Pouvez-vous nous l'envoyer?—R. Absolument, monsieur.

D. Demain?—R. Bien, demain, oui monsieur.

M. Beaudry:

D. Vous rappelez-vous quelle date elle porte?—R. Le 31 mars, monsieur.

D. Vous jurez que votre facture est datée du 31 mars?—R. Oui, là, je ne le jurerais pas, mais j'en suis à peu près certain.

M. Lesage:

D. Est-ce que les termes de la transaction apparaissent sur la facture?—

R. Oui, c'est une facture ordinaire avec le prix.

Le PRÉSIDENT: On va le voir.

M. Lesage:

D. Mais, ce n'est pas mentionné que c'est une vente conditionnelle?—R. Non, monsieur.

The CHAIRMAN: Are there any other questions? Mr. Irvine, or Mr. Thatcher?

Mr. HARKNESS: I cannot recall all that has transpired but has it been brought out whether this 5,900 pounds has been given back?

Mr. MONET: It was turned back. It was a type of conditional sale and it was returned by the witness and his partner, Mr. Bernier, and the cheque was cancelled. They paid for the 200 pounds which they kept.

Mr. HARKNESS: They actually put out 200 pounds?

The CHAIRMAN: They were stopped by the Wartime Prices and Trade Board who came into the picture.

Mr. IRVINE: Well, Mr. Chairman, assuming that the Wartime Prices and Trade Board had not come into the picture I would like to know what would have happened to these 5,000 pounds of butter, assuming that the quantity of butter produced in Canada had increased very materially within say four weeks of the original purchase so that the effect would be that there was no premium in giving it away? What would have happened then? Would he have cancelled his original arrangement?

Me Monet:

D. M. Irvine désire savoir ceci: Si M. Bernier n'avait pas repris le beurre qu'est-ce qui serait arrivé de ce beurre-là? Qu'est-ce que vous en auriez fait surtout si l'on prévoit que, d'ici un court espace de temps, la production se normalisera et que le beurre sera fourni en quantité suffisante pour répondre à la demande. Dans pareil cas, qu'est-ce que vous auriez fait du beurre que vous aviez?—R. J'avais justement l'intention de le vendre, même j'ai téléphoné personnellement à *La Presse* pour faire passer une annonce pour pouvoir le vendre à tout le monde et au prix ordinaire du marché.

Mr. MONET: The witness says that if that had happened he had the intention of selling it and he even got in touch with the press to have an advertisement put in the paper for the sale of the butter at the market price

M. Lesage:

D. Alors, il y a quelque chose que je ne comprends pas.

Me MONET: Je donne la réponse du témoin.

M. LESAGE: Oui, j'ai très bien compris, Me Monet, j'ai très bien compris sa réponse en français, que vous avez d'ailleurs très bien traduite en anglais, mais il y a tout de même quelque chose que je ne comprends pas; je ne comprends pas comment le témoin peut donner une telle réponse alors qu'il nous a dit, depuis le début qu'il s'agissait d'une vente conditionnelle et que M. Bernier s'était engagé à reprendre ce qui ne serait pas vendu.

M. DRAPEAU: Je m'objecte à la question parce que Me Monet a dit, en traduisant la question de M. Irvine: "Si M. Bernier n'avait pas voulu les reprendre"; alors la question était hypothétique et la réponse devient nécessairement hypothétique.

M. LESAGE: Un instant, le témoin a répondu qu'il avait communiqué avec le journal *La Presse* pour faire publier une annonce dans le but de mettre en vente la balance du beurre qu'il avait en main. Alors, comment concilier cela avec la réponse qu'il a donnée lorsqu'il a juré que la vente était conditionnelle et que M. Bernier s'était engagé à reprendre le beurre qu'il pourrait y avoir en trop. Je demande au témoin comment concilier cette réponse avec ce qu'il a déjà déclaré?

Le TÉMOIN: Absolument, en ne lui vendant pas; il ne le reprend pas, si je le vends moi-même.

M. Lesage:

D. Non, monsieur, ce que vous avez dit c'est que si votre petite organisation de primes ne fonctionnait pas à votre goût... R.—Oui...

D. M. Bernier reprenait le beurre?—R. Absolument.

D. C'était ça l'entente?—R. J'ai dit cela, oui.

D. Vous avez dit cela et c'est la raison pour laquelle, nous avez-vous dit, M. Bernier a gardé le chèque et ne l'a pas changé?—R. Absolument.

D. Pourquoi avez-vous communiqué avec *La Presse* pour offrir le beurre qui vous restait en vente?—R. Justement parce que je croyais que la transaction des primes n'avait pas été très bonne et, alors, pour pouvoir corriger cela, j'avais pensé de le vendre au prix du marché.

Me Monet:

D. Vous saviez que M. Bernier, d'après votre témoignage, reprendrait le beurre qui restait?—R. Oui, mais j'avais tout de même le droit d'en offrir.

D. Voulez-vous dire que vous vouliez faire un bénéfice sur le beurre de M. Bernier?—R. Non, absolument pas; mais il était à moi et j'avais le droit d'en disposer. Seulement, si je ne voulais pas en disposer, il le reprenait, c'est tout.

M. Lesage:

D. A quel prix étiez-vous prêt à en disposer d'après l'annonce que vous avez fait publier dans le journal *La Presse* ou encore que vous vouliez faire publier?—R. Je n'avais pas marqué de prix.

D. Quelle était votre intention?—R. J'avais l'intention de le vendre au prix du marché.

D. 73c. ou 74c.?—R. Je ne sais pas, le prix du marché, là.

D. Vous ne savez pas que le prix de détail à Montréal, actuellement, est de 73c.?—R. Non.

D. Vous jurez cela?—R. Non.

Me Monet:

D. Mais, vous l'auriez vendu à plus de 69c.?—R. Probablement.

D. Alors, malgré les raisons d'amitié de M. Bernier, qui vous laissait le beurre à 69c., alors qu'il aurait très bien pu le vendre au prix de détail qui est de 73c., vous auriez été prêt à le vendre à votre profit au prix de détail, si vous aviez pu; vous auriez été prêt à le vendre au prix de détail?—R. Oui.

M. Lesage:

D. Est-ce que cette annonce a été publiée dans le journal *La Presse*?—R. Non, monsieur.

D. Pourquoi?—R. Parce que nous avons changé d'idée.

D. Avez-vous téléphoné au journal *La Presse*?—R. Oui.

D. Vous avez téléphoné au journal *La Presse*?—R. Oui et j'ai téléphoné de nouveau pour annuler ma commande d'annonce.

D. Vous avez téléphoné au journal *La Presse* et vous leur avez retéléphoné pour annuler la commande d'annonce?—R. Exactement.

D. Aviez-vous communiqué avec M. Bernier avant de demander au journal *La Presse* de publier cette annonce?—R. Non, c'était plutôt une information que j'ai faite à *La Presse*.

D. Que vous avez demandée?—R. Oui.

D. Ou bien que vous avez offerte?—R. Que j'ai demandée.

D. Vous avez demandé quoi?—R. J'ai demandé un conseil à un monsieur de *La Presse*.

D. Ah... Et là, est-ce que M. Bernier a fait de la difficulté pour reprendre le beurre?—R. Pas du tout.

D. Est-ce qu'il a un entrepôt frigorifique qui lui appartient à ce M. Bernier?—R. Oui, monsieur.

M. Beaudry:

D. Et vous répétez, monsieur Gauthier, que toute votre transaction avec M. Bernier, aux jours où vous en avez discuté, soit le 25, le 26 et le 31 mars, alors que la transaction s'est concrétisée, que toute cette transaction était conditionnelle et que M. Bernier acceptait de mettre à votre disposition 5,600 livres de beurre au fur et à mesure que vous en auriez besoin, autrement dit que vous le lui payeriez apparemment au fur et à mesure que vous le vendriez?—R. C'est-à-dire non, je lui avais demandé d'attendre justement quelques jours pour voir la réaction.

D. Mais, tout de même, il n'en reste pas moins que M. Bernier était prêt à immobiliser pour vous et à tenir en entrepôt pour vos fins, pendant une période de plusieurs semaines, 5,600 livres de beurre?—R. Non, pas plusieurs semaines monsieur Beaudry, probablement dix jours.

D. Est-ce que vous croyez que vous pouviez disposer de 560 livres de beurre par jour?

Me MONET: 5,600 livres.

Le TÉMOIN: Non, on savait que...

M. Beaudry:

D. Bien, est-ce que vous le croyiez ou non; vous avez acheté 5,600 livres de beurre?—R. Oui, monsieur.

D. Et vous dites que M. Bernier était prêt à vous le conserver pendant dix jours; alors, pour être logique, il fallait croire que vous auriez disposé de 560 livres de beurre par jour?—R. Exactement.

D. Et M. Bernier était prêt à faire cela?—R. Oui, monsieur.

D. Et il était aussi prêt à reprendre le beurre que vous ne vendriez pas?—R. Exactement.

D. Cela, c'est ce qui a été entendu entre vous les 25, 26 et 31 mars?—R. Oui, monsieur.

D. Avant qu'effectivement vous donniez du beurre comme prime?—R. C'est cela.

Le PRÉSIDENT: C'est tout?

M. PINARD: J'ai une seule question à poser au témoin, monsieur le président, si vous me le permettez.

D. Est-ce que c'est seulement la visite des enquêteurs de la Commission des prix qui vous a fait changer d'idée ou bien si c'est votre propre conviction que c'était une mauvaise pratique commerciale?—R. Les deux, monsieur.

D. Alors, s'il surgit la rareté d'un autre produit, vous n'emploieriez plus le même procédé?—R. Je ne le crois pas.

Le PRÉSIDENT: Vous avez une question à poser, monsieur Fleming?

M. FLEMING: Monsieur le président, est-ce que Me Monet va insister pour que le témoin apporte demain, à la séance du matin, le chèque dont il a été question?

Le PRÉSIDENT: Oui, c'est compris.

Me MONET: Oui, j'ai en note que les chèques doivent être fournis.

Le PRÉSIDENT: Pas d'autres questions?

M. BEAUDRY: Non.

M. PAUL PELCHAT, bijoutier, comparaît.

Me Monet:

D. Monsieur Pelchat, voulez-vous nous donner votre prénom, s'il vous plaît?—R. Paul.

D. Et votre adresse?—R. Mon adresse? De la maison privée?

D. Oui.—R. 6853, rue Garnier.

D. Je comprends que vous êtes l'associé de M. Gauthier, n'est-ce pas?—R. Oui.

D. Qui fait affaire sous le nom de Pelchat et Gauthier Limitée?—R. C'est cela.

D. Comme bijoutier?—R. C'est cela.

D. Et que vous avez deux magasins, l'un au numéro 5104 du boulevard Decarie et l'autre au numéro 3116 de la rue Masson?—R. Oui, monsieur.

D. Monsieur Pelchat, vous rappelez-vous d'une entrevue que vous auriez eue chez M. Bernier, en compagnie de votre associé M. Gauthier, au cours du mois de mars, concernant une transaction de beurre?—R. Oui, monsieur.

D. Voulez-vous nous dire la date précise de cette première entrevue?—R. La date précise de cette première entrevue, c'était le vendredi qui se trouvait...

M. Lesage:

D. Le Vendredi Saint?—R. Oui, le Vendredi Saint.

Me Monet:

D. Alors, vous avez eu cette entrevue-là chez M. Bernier ou au magasin?—R. Chez M. Bernier.

D. Voulez-vous dire, s'il vous plaît, aux membres du comité quelle est l'occupation de M. Bernier?—R. C'est un beurrier.

D. Depuis longtemps?—R. Je crois que oui.

D. Vous le connaissez depuis longtemps, vous?—R. Moi, je ne le connais pas depuis très longtemps.

D. Avez-vous déjà acheté, vous personnellement ou votre maison de commerce, du beurre de chez M. Bernier avant cette transaction spéciale?—R. Moi, je n'en ai jamais acheté, non.

D. Et la maison Pelchat et Gauthier non plus?—R. Non.

D. Connaissez-vous M. Bernier avant cette date du 6 mars 1948?—R. Je le connaissais comme client au magasin, c'était un ami de M. Gauthier.

D. C'était un ami de M. Gauthier, mais il n'y avait jamais eu de transaction de ce genre entre vous et lui, ni au point de vue du commerce de beurre, ni au point de vue d'achat personnel de beurre?—R. Non.

D. Qui est-ce qui vous a dirigé chez M. Bernier pour discuter cette transaction de beurre-là?—R. Bien, c'était un beurrier que l'on connaissait; quand on a discuté de ça, M. Gauthier et moi, on a dit: "On va voir M. Bernier".

D. Que voulez-vous dire quand vous dites: "Quand on a discuté de ça"?—R. Bien, on voulait donner une prime.

D. Alors, qui est-ce que c'est cela, "on a discuté de cela"?—R. M. Gauthier et moi.

D. Vous avez discuté de l'opportunité de donner une prime?—R. Oui, monsieur.

D. Vous saviez qu'à ce moment-là le beurre, à travers le pays et tout particulièrement à Montréal, était très rare?—R. Oui.

D. Et vous avez cru bon d'allécher vos clients ou même d'en inciter d'autres, qui n'étaient pas vos clients auparavant, à se rendre chez vous en offrant une prime de beurre?—R. Bien, il y a beaucoup de clients qui se lamentaient qu'ils n'avaient pas de beurre, alors on pensait de faire un bon coup avec ça.

D. Alors, là, vous êtes entré en négociations avec M. Bernier pour savoir si vous pouviez avoir du beurre?—R. Oui.

D. Voulez-vous dire aux honorables membres du comité ce qui s'est passé chez M. Bernier, alors que M. Gauthier et vous-même vous êtes rendus à son domicile?—R. Bien, on est entré chez M. Bernier le soir après la fermeture du magasin...

M. LESAGE: Voulez-vous parler plus fort, s'il vous plaît?

Le TÉMOIN: Le vendredi, on a été chez M. Bernier et on lui a demandé si on pouvait avoir du beurre. Il nous a demandé ce que l'on voulait faire avec cela et nous lui avons dit que nous voulions le donner en prime à nos clients. Alors, il a dit: "Cela ne me fait pas de différence de vous vendre du beurre à vous autres ou bien de le vendre à d'autres".

D. Alors, il vous en a vendu?—R. Oui.

Me Monet:

D. Alors, à ce moment-là, M. Bernier ne vous connaissait presque pas?—R. M. Bernier ne me connaissait presque pas.

D. Est-ce que ça ne lui a pas paru étrange cette demande-là que vous lui faisiez, au moment où il y avait une si grande pénurie de beurre?—R. Oui, bien, il a dit: "Vous allez donner ça comme cadeau"? On a dit: "Oui". Il a trouvé ça drôle, c'est une affaire qui n'était jamais arrivé, alors...

D. Est-ce qu'il ne vous a pas fait remarquer qu'à cause de la rareté du beurre, il pouvait être difficile de vous en livrer?—R. Il a dit: "Oui, probablement que je pourrai vous donner une réponse demain".

D. Avez-vous discuté de la quantité de beurre que vous désiriez avoir?—R. On voulait en avoir mille livres.

D. Vous vouliez en avoir mille livres?—R. Oui, bien, on voulait en avoir une quantité, on ne savait pas exactement, peut-être mille, deux mille ou cinq mille livres. On lui a dit: "La quantité que vous pourrez nous donner"...

D. Attendez un peu, il y a un écart considérable entre mille et cinq mille livres. Avez-vous été les premiers, votre associé et vous, à mentionner à M. Bernier la quantité de beurre que vous vouliez avoir ou bien si c'est M. Bernier qui vous a demandé combien vous en vouliez?—R. Il nous a demandé combien on en voulait.

D. Et combien lui avez-vous répondu que vous en désiriez?—R. On a répondu: La quantité qu'il pouvait nous donner.

D. Alors, quand a-t-il été question de mille livres?—R. Il nous a dit: "Quelle quantité voulez-vous, mille, deux mille, trois mille livres?"...

D. Est-ce vous ou votre associé ou bien si c'est M. Bernier qui a dit ça —R. M. Bernier, il nous a demandé quelle quantité ou voulait avoir.

D. Et qu'est-ce que vous lui avez répondu?—R. On a dit: "On ne sait pas la quantité, la quantité que vous pourrez nous donner".

D. Vous étiez prêts à acheter n'importe quelle quantité?—R. On voulait avoir n'importe quelle quantité, on n'avait pas d'idée...

D. Vous étiez prêts à prendre tout ce qu'il pouvait vous vendre?—R. A peu près 5,000 livres.

D. Comment êtes-vous arrivés à déterminer le chiffre de 5,600 livres plutôt que 1,000 livres?—R. On aurait pu dire mille, deux mille livres, trois mille livres, jusqu'à cinq mille livres; on ne savait pas quelle quantité... peut-être qu'on n'aurait pas pu en vendre du tout, on ne le savait pas.

D. Vous êtes-vous finalement entendus sur la quantité?—R. Oui, cinq mille livres.

D. Cinq mille livres ou cinq mille six cents livres?—R. Cinq mille six cents livres, les boîtes adonnaient comme cela.

M. Lesage:

D. Cent boîtes de beurre?—R. Cent boîtes de beurre.

D. Cent boîtes de beurre de 56 livres?—R. Oui.

Me Monet:

D. Maintenant, quand vous êtes partis de chez M. Bernier, cette journée-là, êtes-vous partis avec la certitude que M. Bernier vous vendrait 5,600 livres de beurre?—R. Il nous a dit qu'il nous donnerait une réponse le lendemain.

D. A-t-il été question du prix?—R. Oui, monsieur.

D. A quel prix est-ce qu'il vous vendait ça?—R. A 69c.

D. M. Bernier vous a-t-il laissé entendre qu'il pourrait vendre ce beurre-là au détail à un prix plus élevé que celui de 69c.?—R. Bien, je n'ai pas pris garde à cela, s'il a été question de cela, je ne le pense pas.

D. Savez-vous qu'à ce moment-là, le beurre se vendait au détail 73c. la livre?—R. Le beurre se vend 72c., 73c.

D. M. Bernier n'en a pas parlé de cela?—R. Non.

D. Il n'en a pas été question du tout au cours de la conversation, cette journée-là, que M. Bernier pourrait le vendre à un plus fort prix?—R. Non.

D. Quelle raison a-t-il donné le lendemain pour vous dire qu'il était prêt à vous vendre ce beurre-là?—R. Il a parlé à M. Gauthier, il doit lui avoir parlé, je ne le sais pas; moi, M. Gauthier m'a appelé et il m'a dit qu'il avait du beurre. Ça veut dire que M. Bernier l'avait appelé et lui avait dit cela.

D. Alors, avez-vous revu M. Bernier, vous, par la suite?—R. Non.

D. Et quand le paiement de ce beurre-là a-t-il été fait?—R. Je crois que M. Gauthier m'a dit qu'il avait donné un chèque...

D. Vous ne le savez pas personnellement?—R. Ce n'est pas moi qui ai fait le chèque.

M. Lesage:

D. Vous n'avez pas eu connaissance du complément de la transaction?—

R. Non, moi j'ai été là avec...

D. C'est correct...

Me MONET: Je n'ai pas d'autres questions à poser au témoin.

M. PINARD: Monsieur le président me permettra de poser une autre question au témoin.

D. Est-ce vous qui avez eu la première idée de cette annonce commerciale ou bien si c'est votre associé?—R. On a parlé de cela ensemble, je ne sais pas lequel des deux a eu la première idée, on discutait l'idée ensemble.

D. Cela a dû venir à l'idée de l'un avant l'autre, ou bien c'est-il venu à l'idée des deux ensemble?—R. Peut-être que c'est moi ou bien M. Gauthier, je ne me rappelle pas; on discutait l'affaire...

D. Qui est-ce qui a commencé la discussion?—R. On en a parlé ensemble.

M. Beaudry:

D. Je pense que nous n'avons pas d'autres questions à poser au témoin, monsieur le président.

M. LESAGE: Une seule autre question, s'il vous plaît, monsieur le président.

D. Avez-vous eu connaissance que M. Gauthier ait communiqué avec le journal *La Presse* dans l'intention de mettre ce qui vous restait de beurre en vente au public?—R. Si j'en ai eu connaissance... voulez-vous répéter votre question, s'il vous plaît?

D. Avez-vous eu connaissance que votre associé M. Gauthier ait communiqué avec le journal *La Presse* dans l'intention d'annoncer en vente la balance du beurre que vous aviez en main?—R. Je crois que oui, oui.

D. Vous en avez eu connaissance?—R. Oui, monsieur.

D. A quel prix vouliez-vous le vendre?—R. Ah! il n'a pas été question du prix, le prix du marché.

D. 72c. ou 73c.?—R. Le prix du marché, je ne sais pas le prix qu'il vaut dans le moment... c'est 69c. qu'on l'a payé, je ne sais pas quel prix on l'aurait vendu, on ne l'aurait pas vendu pour faire de l'argent, nous autres, parce qu'on ne fait pas d'argent avec du beurre.

D. Vous avez dit que le prix du marché c'était 72c.?—R. Oui, c'est 72c. à des places et à d'autres places, c'est 73c. et 74c.

M. Pinard:

D. Est-ce que vous partagez l'opinion de votre associé à l'effet que ce n'est pas une bonne pratique commerciale?—R. Bien, ce n'est pas une bonne pratique commerciale, le monde qui n'a pas de beurre et qui pouvait s'en procurer cette journée-là...

D. Non. Est-ce que vous ne pensez pas que, dans l'intérêt du public, il vaudrait mieux exercer une telle pratique sur une chose moins rare que le beurre?—R. Peut-être.

Me MONET: C'est, tout, monsieur.

M. DAVID BERNIER, beurrier, comparaît.

Me Monet:

D. Monsieur Bernier, voulez-vous nous donner votre prénom, s'il vous plaît?—R. David Bernier.

M. BEAUDRY: Monsieur le président, si vous me le permettez, pourrais-je suggérer l'importance de consigner au dossier que Me Jean Drapeau semble aussi représenter M. Bernier.

D. Est-ce que vous représentez M. Bernier aussi monsieur Drapeau?

M. DRAPEAU: Oui.

Me Monet:

D. Monsieur David Bernier?—R. Oui.

D. Quelle est votre adresse?—R. 2875 Laurier est.

D. Quelle est votre occupation monsieur Bernier?—R. Je suis beurrier.

D. Faites-vous affaire sous un nom d'enregistrement quelconque?—R. Jersey Brand Products.

D. Est-ce que votre établissement de commerce est situé au numéro 2875, de la rue Laurier est, également?—R. 2875, Laurier Est.

D. Et vous faites affaires depuis combien de temps comme beurrier, monsieur Bernier?—R. J'ai tout le temps été là-dedans depuis l'âge où j'étais tout jeune.

D. Vous avez une grande expérience dans le beurre?—R. Oui, j'ai toujours été là-dedans.

D. Monsieur Bernier, si vous voulez essayer de parler aussi fort que moi, je crois que tout le monde va vous comprendre.—R. Je vais essayer.

D. Alors vous avez donc une très longue expérience dans le commerce du beurre, n'est-ce pas?—R. Oui, monsieur.

D. Et vous n'êtes pas sans savoir que, depuis quelque temps au pays et à Montréal tout particulièrement, sévit une rareté de beurre assez extraordinaire?—R. Oui, monsieur.

D. Depuis environ trois semaines?—R. Oui, et même davantage.

D. Peut-être que vous avez été un peu plus fortuné que d'autres; avez-vous en main actuellement une assez grande quantité de beurre, monsieur Bernier?—R. Non, pas une grosse quantité, j'ai à peu près—avec le beurre qu'il m'a remis depuis cette semaine—six à sept mille livres de beurre, je ne sais pas au juste.

D. Habituellement, vous vous procurez votre beurre à quel endroit?—R. Habituellement il se trouve chez nous.

D. Je comprends mais vous l'achetez quelque part?—R. Ah, ça, cela nous vient de toutes les fabriques, on l'achète dans les entrepôts, ensuite il y a les compagnies qui l'achètent et qui nous le revendent . . .

D. Alors, votre commerce consiste à acheter du beurre, vous n'en manufacturez pas?—R. Je n'en manufacture pas.

D. Vous achetez le beurre, vous l'encaissez et vous le revendez?—R. Oui, monsieur.

D. Et vous le vendez au détail ou au gros ou bien aux épiciers?—R. Pas beaucoup aux épiciers.

D. Alors, à qui?—R. A la Canada Packers, par exemple, à M. Martin, de Granby.

Me Monet:

D. Et vendez-vous aux consommateurs directement?—R. Oui, je vends aux consommateurs directement.

D. Et, voulez-vous nous dire, dans la semaine, disons du 20 au 25 mars et plus particulièrement le 26 mars 1948, à quel prix vous vendiez le beurre que vous vendiez vous-même aux consommateurs?—R. A la boîte, je le vends à 69c.

D. Aux consommateurs ça, à la boîte?—R. Non, dans le gros. Aux consommateurs, 73c.

D. Alors, ma question est: aux consommateurs?—R. Alors, 73c.

D. A la date du 26 mars particulièrement?—R. Oui, à la date du 26 mars.

D. A 73c.—R. Oui.

D. Depuis ce temps-là, est-ce que vous le vendez à 73c. aux consommateurs?—R. Oui. 73c. aux consommateurs.

M. Lesage:

D. Est-ce que vous le détaillez au comptoir?—R. Bien, il y en a plusieurs qui viennent le chercher à la livre.

D. Chez vous?—R. Oui, monsieur.

Me Monet:

D. N'est-il pas vrai, monsieur Bernier, que depuis la mi-mars vous n'aviez pas de difficulté à vendre votre beurre à 73c. aux consommateurs qui pouvaient se présenter au comptoir chez vous?—R. Oui, bien, je ne vendais pas beaucoup au détail, je n'aurais pas pu tout le vendre aux consommateurs. Je vends surtout au gros, comme surtout à la "Canada Packers", j'en ai vendu à "Wilsils" déjà.

D. Maintenant, dites-vous, monsieur Bernier, qu'actuellement, disons depuis le 15 mars jusqu'aujourd'hui, vu la rareté du beurre tout particulièrement à Montréal prétendez-vous que vous auriez eu de la difficulté à vendre au détail au comptoir chez vous, tout le beurre que vous aviez au prix de 73c.—R. Si cela avait été connu, je crois bien que cela se serait vendu.

D. Qu'est-ce que vous voulez dire par cela?—R. Bien, si la maison avait été connue.

D. Quand vous dites "la maison", vous voulez dire la vôtre, votre maison?—R. Oui, mais ce n'est pas connu.

M. Lesage:

D. Vous n'êtes pas connu comme un détaillant?—R. Non.

D. Vous détaillez un peu aux amis seulement?—R. Oui, monsieur.

Me Monet:

D. N'est-il pas vrai que vous pouviez disposer de votre beurre aux consommateurs depuis le premier mars . . .—R. Oui, monsieur.

D. Vous auriez pu le faire?—R. Oui, monsieur.

Le PRÉSIDENT: Pas tout.

Me Monet:

D. Pas tout votre beurre?—R. Non, parce que j'ai des clients qui sont sous contrat, je leur ai promis de leur en fournir...

M. FLEMING: Voulez-vous parler plus fort, s'il vous plaît?

Le TÉMOIN: J'ai des clients à qui j'ai promis de les fournir à l'année. Alors, il me faut toujours une certaine quantité de beurre.

Me Monet:

D. Alors, il vous faut garder en main une certaine quantité de beurre pour répondre à vos clients ordinaires, c'est cela?—R. Oui, c'est cela.

D. Et, depuis le 15 mars particulièrement, vous deviez, je présume, garder du beurre plus que jamais pour répondre aux besoins de vos clients ordinaires?—R. Oui, monsieur.

D. A cause de la rareté du beurre actuellement?—R. Oui, monsieur.

D. Alors, pouvez-vous expliquer aux honorables membres du comité, pour prendre votre témoignage comme vous venez de le donner, comment il se fait que, si vous aviez besoin de tout le beurre que vous aviez en main pour répondre aux besoins de vos clients ordinaires, vous auriez vendu,—si nos renseignements sont exacts,—5,600 livres de beurre à MM. Pelchat et Gauthier du 26 au 31 mars?—R. J'avais beaucoup plus de beurre que j'en ai aujourd'hui.

D. Alors, à la date du 26 mars, vous dites que vous aviez beaucoup plus de beurre qu'aujourd'hui?—R. Oui, j'en avais beaucoup plus qu'aujourd'hui.

D. Quelle quantité de beurre aviez-vous en entrepôt ou ailleurs à la date du 26 mars?—R. A part de celui qui a été vendu, j'en avais,—si j'ai bonne mémoire,—10,400 et quelques livres.

Le PRÉSIDENT: Dans le mois de juin?

M. BEAUDRY: Non, le 26 mars. Me permettez-vous une question, monsieur le président?

Le PRÉSIDENT: Oui, monsieur Beaudry.

M. Beaudry:

D. Le 26 mars, vous dites que vous aviez 10,400 livres de beurre chez vous, en entrepôt?—R. Il pouvait y en avoir plus que cela le 26 mars; mais le 31 mars, le dernier jour du mois, je fais toujours un rapport au Gouvernement, voyez-vous. Alors, là, je savais au juste combien j'avais...

D. On n'est pas pour discuter pour mille livres. Aviez-vous à peu près 10,000 livres de beurre disponibles pour la vente le 26 mars?—R. Oui, monsieur.

D. C'est la quantité totale que vous aviez à ce moment-là?—R. A part des 5,600 livres.

D. Attendez un peu, il n'était pas vendu le 26 mars...—R. Voyez-vous j'ai les quantités du 31 mars, là; alors...

D. Alors, est-ce qu'on doit dire que vous aviez 15,000 livres de beurre chez vous le 26 mars?—R. Oui, j'avais ça, même au delà.

D. Préférez-vous un chiffre plus élevé?—R. Je devais en avoir 17,000 à 18,000 livres.

D. Est-ce qu'on peut dire que vous aviez 18,000 livres de beurre?—R. Oui, j'avais 18,000 livres de beurre.

D. Chez vous, le 26 mars?—R. Oui, monsieur.

D. A l'époque où MM. Gauthier et Pelchat se sont adressés à vous pour acheter du beurre, vous en aviez chez vous en main 18,000 livres?—R. Oui, monsieur.

D. Aviez-vous des inquiétudes sur la façon de disposer de ce beurre-là dans le commerce?—R. Non.

D. Etiez-vous convaincu que s'il y avait bien des gens comme vous qui avaient 18,000 livres de beurre, qu'il pouvait se vendre bien facilement du jour au lendemain?—R. Oui, monsieur.

Me Monet:

D. Alors, je comprends que vous n'étiez pas inquiet,—pour donner suite aux questions posées par M. Beaudry,—pour vendre votre beurre?—R. Non, parce que les compagnies auraient pu venir tout l'acheter le même jour.

D. Alors, vous n'étiez pas inquiet pour le vendre à votre clientèle ordinaire? R. C'est cela, je n'étais pas inquiet.

D. Voulez-vous raconter l'entretien que vous avez eu avec MM. Pelchat et Gauthier à la maison? MM. Pelchat et Gauthier se seraient rendus chez vous, le 26 mars, n'est-ce pas, pour parler d'une provision de beurre à acheter?—R....

M. Lesage:

D. D'abord, le soir était-ce à la maison privée qu'ils vous ont vu?—R. Non, au bureau en bas, la maison privée est au deuxième étage; j'ai descendu au bureau et, là, on a parlé.

Me Monet:

D. Vous avez discuté de la transaction au bureau?—R. Oui, monsieur.

D. Vous êtes certain que ce n'est pas dans la maison privée?—R. Je suis certain que ce n'est pas dans la maison privée.

D. Alors, auriez-vous l'obligeance de dire aux membres du comité qu'est-ce qui s'est passé; qu'est-ce que ces messieurs-là vous ont demandé et ce que vous avez fait? Je comprends qu'il a été question de beurre?—R. Oui, ils sont venus pour acheter du beurre.

D. Vous connaissiez M. Gauthier?—R. Oui, monsieur depuis bien des années.

D. Vous saviez que c'était un bijoutier?—R. Oui, monsieur.

D. Vous ne le connaissiez pas comme un commerçant de beurre?—R. Non, monsieur.

D. Alors, voulez-vous nous dire ce qui s'est passé?—R. Ils sont venus pour avoir cent boîtes de beurre et, après réflexion, ils disaient que c'était pour donner une livre de beurre comme prime avec un achat de \$5—maintenant, moi, j'avais dans l'idée que c'était une livre de beurre par client—je trouvais bien que le montant était un peu élevé, mais je ne connaissais pas l'affaire plus que cela.

D. Vous dites; "Votre idée". Je comprends que vous n'aviez aucune affaire dans la façon dont MM. Pelchat et Gauthier devaient disposer de leur beurre?—R. Non, je l'ai appris là, ce soir-là.

D. Mais, vous dites qu'ils vous ont demandé cent boîtes de beurre; êtes-vous certain qu'ils vous ont demandé cent boîtes de beurre ou bien si c'est moins que cela? Est-ce qu'il y a eu une discussion au sujet de la quantité de beurre?—R. Ah, bien! il en a été question, ils ont commencé avec—je ne peux pas vous dire combien de boîtes—25 ou 30 boîtes, ensuite c'est venu qu'ils ont dit: "On va en prendre tout de suite comme il faut".

D. Mais, il a dû se dire quelque chose: "On va en prendre tout de suite comme il faut?"—R. Ils ont dit: "On va en prendre comme on peut en passer, comme on prévoit pouvoir en passer".

M. BEAUDRY: Monsieur le président, est-ce qu'il y aurait objection à ce que le témoin nous raconte de but en blanc la transaction sous toutes ses phases?

Me MONET: C'est très bien, racontez tout ce qui s'est passé, monsieur Bernier.

M. LESAGE: Dans le détail.

Le TÉMOIN: Bien, vers les 9 heures, 9½ heures, ils sont arrivés chez nous, ils m'ont fait demander au bureau, ils ont sonné et c'est là qu'ils m'ont demandé si je ne pourrais pas leur passer du beurre. Alors, je leur ai demandé quelles intentions ils avaient et ils ont dit que c'était pour donner, ils ont dit: "On veut faire de l'annonce en donnant une livre de beurre avec chaque achat de \$5". Ensuite, la question a été sur la quantité de livres; évidemment, cela a commencé à 25 ou 30 boîtes, ensuite, c'est M. Pelchat, je crois, qui a dit: "On est aussi bien d'en prendre tout de suite comme il en faut, 5,600 livres, c'est-à-dire cent boîtes de beurre.

M. Pinard:

D. "Comme il faut", vous voulez dire autant que vous pouviez leur en donner?—R. Bien, "comme on prévoit pouvoir en passer".

D. Ensuite?

M. BEAUDRY: Continuez.

Le TÉMOIN: Et puis, le beurre, c'était en pains de cent livres qu'ils voulaient l'acheter; maintenant, mes boîtes étaient de 56 livres donc, après avoir tout calculé, cent boîtes, ça fait 5,600 livres.

M. LESAGE:

D. Il était en solide votre beurre?—R. Oui, il était en solide.

D. Alors, quelles ont été les conditions?—R. Bien, ils ont eu le prix ordinaire de 69c. la livre.

D. Comment était-ce payable?—Quelles étaient les conditions de la vente, bien cela c'était comptant, du moment qu'ils venaient chercher le beurre, la minute que le beurre était acheté, je les rencontrais rien que le lendemain vers dix heures et j'ai dit: "Je vous donnerai une réponse vers dix heures demain".

Mr. THATCHER: Excuse me, did the witness say the price was 69 cents?

Mr. MONET: Sixty-nine, yes.

M. Beaudry:

D. Alors, le lendemain, vous avez dit à MM. Pelchat et Gauthier: "C'est correct, je vais vous vendre 5,600 livres de beurre"?—R. Oui, monsieur.

D. Et vous leur avez dit que vous étiez prêt à leur vendre cela comptant?—R. Oui, monsieur.

D. Est-ce qu'ils ont dit qu'ils étaient pour en prendre livraison immédiatement et est-ce qu'ils vous ont payé?—R. Non, monsieur, ils n'étaient pas capables de prendre livraison de 5,600 livres de beurre.

D. Qu'est-ce qu'ils vous ont dit alors à ce moment-là?—R. Ils ont dit: "On va le laisser à la beurrerie et, au fur et à mesure qu'on en aura besoin, on viendra le chercher."

D. Maintenant, est-ce qu'ils vous ont payé comptant au fur et à mesure qu'ils venaient le chercher ou bien...—R. Non, ils m'ont donné tout le chèque, le jour où ils sont venus pour le chercher ils m'ont donné un chèque de \$3,864...

M. Pinard:

D. Que vous avez encaissé?—R. Non, je ne l'ai pas encaissé.

D. Pourquoi?—R. M. Pelchat m'a demandé si je pouvais retarder deux ou trois jours pour l'encaisser.

D. Pourquoi?—R. Je l'ignore.

D. Il ne vous a pas donné de raison?—R. Non.

M. Beaudry:

D. Ils vous ont donné un chèque pour \$3,864?—Oui, ils m'ont donné un chèque de \$3,864.

D. Et, alors, vous vous estimiez payé comptant?—R. Oui, monsieur.

D. Et, eux autres, ensuite, devaient aller chercher leur beurre à l'entrepôt?—R. Oui, monsieur.

D. Au fur et à mesure qu'ils en avaient besoin?—R. Oui, au fur et à mesure qu'ils en avaient besoin.

D. Vous n'avez pas encaissé le chèque immédiatement, à la demande de M. Pelchat qui vous a demandé un peu de délai?—R. Oui, monsieur.

D. Et, à ce moment-là, vous n'avez pas fait de difficultés pour retarder le paiement du beurre comme cela?—R. Non, monsieur, on sait bien dans un commerce les considérants qu'il peut y avoir... Bien, pour des gens que l'on connaît... je n'aurais pas accepté un chèque comme cela de quelqu'un que je n'aurais pas connu; s'il avait été accepté, c'est correct, mais autrement, non.

D. Alors, vous avez livré du beurre quand?—R. J'ai livré du beurre le mercredi matin: 4 boîtes de beurre.

D. C'est-à-dire 4 ou 5 jours plus tard, je dis à partir du vendredi ou du samedi?—R. Le 31.

D. Là, vous avez livré, vous dites, quatre boîtes de beurre?—R. Oui, monsieur, et c'est là qu'il m'ont donné le chèque de \$3,864.

D. Le jour de la livraison, le 31 mars?—R. Oui, le 31 mars.

D. Et le lendemain, est-ce qu'il est survenu quelque chose entre vous et M. Gauthier ou peut-être le soir même du 31?—R. Le soir même du 31...

D. A quelle date avez-vous appris que le beurre que MM. Gauthier et Pelchat avaient ordonné de vous ne serait pas requis par eux?

Le TÉMOIN: Ne serait pas...

M. Beaudry:

D. Requis par eux, c'est-à-dire qu'ils n'en auraient pas besoin, qu'ils ne poulaient pas prendre livraison des 5,400 livres de beurre qui restaient chez eux?—R. Le 5 avril.

D. Vous n'aviez pas encore encaissé le chèque?—R. Non, mais je savais qu'ils étaient pour me le remettre avant ça, je m'y attendais.

D. Vous vous attendiez qu'ils étaient pour vous le remettre, mais eux autres ne vous en avaient pas parlé?—R. Je m'y attendais, mais ils ne m'en avaient pas parlé.

D. Vous vous en doutiez, vous, parce que la vente avait été arrêtée?—C'est cela.

M. Lesage:

D. Parce que la vente avait été arrêtée par la Commission des prix?—
R. Oui, j'ai dit: "Ils n'ont pas besoin de cent boîtes de beurre".

M. Beaudry:

D. Alors, la vente a été arrêtée le 1er ou le 2 avril?—R. Oui, je crois que oui, tout de suite le surlendemain.

D. Le jeudi ou le vendredi, là, vous aviez raison de croire qu'ils n'auraient pas besoin de ce beurre-là?—R. Oui, monsieur.

D. Ils ne vous ont pas averti à ce temps-là, ils ne vous ont pas averti le lendemain?—R. Oui, ils m'ont averti, ils ont dit: "On va laisser faire un peu, on ne continuera pas la vente", ils n'ont pas dit: "On remet le beurre", mais le lundi, ils ont dit: "On vous remet le beurre."

D. Le vendredi, si vous voulez, vous avez conclu vous qu'ils n'auraient pas besoin des 5,400 livres de beurre?—R. Le vendredi?

D. Oui, deux jours après la livraison, le 31 mars, qui était un mercredi?—

R. Après que la nouvelle a paru dans les journaux.

D. Vous avez conclu qu'ils ne prendraient pas les 5,400 livres de beurre?—

R. C'est ça.

D. Vous êtes-vous inquiété de savoir ce qu'ils en feraient?—R. Non.

M. Lesage:

D. Est-ce qu'ils ont communiqué avec vous entre le 31 mars et le 5 avril, le moment où ils vous ont remis les 5,400 livres de beurre?—R. Non, ah! ils peuvent avoir communiqué à la maison mais avec moi, non.

M. Beaudry:

D. Vous, comme commerçant de beurre, vous saviez à ce moment-là, le vendredi, qu'il n'y avait pas de beurre à Montréal ou pas beaucoup, qu'il n'y en avait pas dans les magasins ou à peu près pas?—R. Il n'y en avait pas beaucoup.

D. Vous saviez que MM. Pelchat et Gauthier avaient 5,400 livres de beurre en entrepôt?—R. Oui, monsieur.

D. Et vous aviez raison de croire, à ce moment-là, qu'ils ne s'en serviraient pas de ce beurre-là?—R. Bien, là...

D. Bien, c'est ce que vous venez de nous dire?—R. J'attendais M. Pelchat et M. Gauthier, j'attendais qu'ils viennent me dire quoi faire.

D. Mais vous saviez qu'il n'y avait pas beaucoup de beurre et qu'il y avait bien des gens qui en demandaient, qui en avaient besoin et, à ce moment-là vous ne vous êtes pas préoccupé de demander à MM. Gauthier et Pelchat ce qu'ils étaient pour faire avec leur beurre?—R. Bien, il n'aurait pas été distribué plus vite même si j'avais été le leur demander.

D. Vous l'aviez en entrepôt chez vous?—R. Oui, je l'avais en entrepôt chez nous.

D. Est-ce que cela ne se serait pas distribué plus vite si vous aviez su le vendredi matin que ce beurre-là était disponible pour le reste du marché qu'en ne le sachant que le lundi?—R. Je ne pourrais pas vous dire, parce que j'en ai vendu pas mal...

D. Mais, raisonnablement?—R. Je pouvais tout le vendre la même journée seulement on s'en gardait...

D. Mais, est-ce que vous ne croyez pas que cela aurait aidé le marché de beurre à Montréal, au point de vue du consommateur, si le vendredi, au lieu du lundi, vous aviez su que vous aviez 5,400 livres de beurre à liquider?—R. Je ne l'aurais pas liquidé tout de suite.

D. Qu'est-ce que vous en auriez fait?—R. Je l'aurais gardé pour le liquider tranquillement, tout comme les compagnies font quand elles ont du beurre actuellement.

D. Pendant que ce beurre-là était entreposé au crédit de Gauthier et Pelchat, est-ce qu'à ce moment-là vous avez refusé de faire des ventes à des particuliers ou à d'autres personnes ou corporations qui vous en ont demandé?—R. Ca, j'en ai refusé tous les jours.

D. Vous en refusiez pendant que vous gardiez cela en entrepôt pour MM. Pelchat et Gauthier?—R. Tous les jours, j'en refuse, parce que j'en garde toujours un certaine quantité pour en avoir, mais j'attendais qu'ils me disent de le reprendre.

D. Mais, si vous refusiez de le reprendre à ce moment-là, vous concevez que c'était au détriment du consommateur de garder du beurre en entrepôt pour des gens qui n'étaient pas dans le commerce du beurre?—R. Voyez-vous, moi, j'en avais encore chez nous, je passais celui que j'avais chez nous, mais dans celui-là... J'aurais pu le distribuer tout...

D. Alors, c'était au détriment du consommateur que de le garder dans les entrepôts pour des bijoutiers?—R. Oui, mais il y a autre chose à considérer dans la distribution du beurre et si vous voulez comprendre, vous prenez la semaine prochaine, peut-être qu'il va y en avoir beaucoup moins que cette semaine; s'il n'y en avait pas du tout, si l'on vendait tout le beurre la même semaine, est-ce que cela serait mieux? Le beurre, du moment qu'il a été plafonné, on l'a gardé et on le revend le même prix qu'il a été plafonné, on aurait aussi bien pu le revendre tout de suite.

M. Lesage:

D. Alors, monsieur Bernier, si je vous comprends bien, vous, vis-à-vis du consommateur, comme entreposeur de beurre, vous vous êtes senti dans l'obligation de conserver du stock afin que ça dure au moins en petite quantité jusqu'à ce que la production nouvelle reprenne normalement. Si vous faisiez ça, ce n'est pas parce que vous aviez peur de ne pouvoir vous débarrasser de votre beurre, c'est-à-dire que vous pouviez vous en débarrasser facilement?—R. Oui, on peut s'en débarrasser tout de suite.

D. Parce que vous aviez à ce moment-là le même prix que vous obtenez actuellement et vous n'étiez pas obligé de l'entreposer; alors vous auriez pu vous en débarrasser immédiatement et cela aurait été à votre avantage?—R. Certainement.

M. Beaudry:

D. Maintenant, cela ne vous paraissait pas étrange cette situation d'une vente de 5,600 livres de beurre à des bijoutiers?—R. Il y a autre chose là, c'est qu'à mon point de vue, moi, j'ai dit: "Il va être distribué à plusieurs personnes car il y a une livre de beurre pour tout achat de \$5". Personnellement, je ne croyais pas que la vente se faisait directement de \$5...

D. Vous deviez reconnaître que vous faisiez une grosse faveur à ces gens-là en leur vendant au prix du gros, alors que vous auriez pu vous-même le vendre au prix du détail?—R. Oui, c'est par considération.

D. Quelles étaient ces considérations pour lesquelles vous faisiez ça?—R. Je connaissais M. Gauthier depuis longtemps, je connaissais son père...

D. A part des considérations d'amitié, est-ce qu'il y a eu d'autres considérations?—R. Non, aucune autre considération.

M. Lesage:

D. La vente a-t-elle été faite ferme ou conditionnelle?

Le TÉMOIN: Pardon?

M. Lesage:

D. Est-ce que c'était une vente ferme? Avez-vous vendu 5,600 livres de beurre payables par chèque ou bien s'il était question au moment de la vente,

que ce beurre-là pouvait revenir?—R. Non, il n'était pas question au moment de la vente, que ce beurre-là pouvait revenir.

D. C'était une vente finale de 5,600 livres de beurre payable comptant sur livraison et, si vous avez attendu quatre ou cinq jours pour échanger le chèque c'est parce qu'on vous a demandé un délai?—R. Si tout le beurre s'était distribué à une livre par achat de \$5 je n'aurais pas été...

D. Non, je vous demande si c'était une vente ferme, une vente finale ou une vente conditionnelle?—R. Pour moi, elle était finale, mais...

Me DRAPEAU: Laissez-le finir sa réponse.

Le PRÉSIDENT: Maître Drapeau, s'il vous plaît, vous connaissez la procédure...

M. Lesage:

D. Vous n'avez jamais dit à Pelchat ou à Gauthier, à l'un ou à l'autre que vous leur remettiez leur argent pour toute quantité de beurre qu'ils n'écouleraient pas de cette façon-là?—R. Non, monsieur.

D. Au bout d'une période quelconque?—R. Non.

M. Pinard:

D. Et, si cette question-là est entrée en ligne de compte, ce n'est qu dans l'esprit des deux acheteurs et ils ne vous en ont pas parlé eux-mêmes?—R. Ils ne m'en ont pas parlé.

D. Même au moment de la vente?—R. Non.

M. Beaudry:

D. Votre rôle dans cela s'est borné à vendre à peu près le tiers du stock que vous aviez à ce moment-là à des bijoutiers, sans vous demander si le beurre serait distribué ou non lorsque vous en avez fait la vente?—R. S'il avait été distribué par...

D. Mais, à ce moment-là, vous ne le saviez pas s'il serait tout distribué et vous ne vous êtes pas préoccupé du fait que vous enleviez cela des mains de vos clients?—R. Si...

Le PRÉSIDENT: Un à la fois s'il vous plaît, messieurs.

M. Beaudry:

D. Vous avez détourné de votre marché régulier à peu près un tiers du beurre que vous aviez en entrepôt pour le donner à des bijoutiers, en vous disant que peut-être ils le distribueraient, alors qu'il y avait une possibilité qu'ils ne le distribueraient pas du tout, et la meilleure preuve c'est qu'ils n'ont pas distribué.—R. Bien, cela n'a rien changé parce que je ne l'aurais pas vendu plus ce beurre-là, puisque j'en ai encore.

D. Si vous l'aviez vendu aux magasins, il y aurait tout de même 5,600 consommateurs de Montréal qui auraient pu en bénéficier pour le lendemain ou peut-être même pour trois jours...—R. Peut-être.

D. Il n'y a pas de peut-être, c'est plus que probable. Ainsi, dans la vente de ce beurre-là, ils auraient pu en avoir une livre...—R. On entre dans d'autres considérations, là...

Le PRÉSIDENT: Il est six heures.

M. BEAUDRY: Monsieur le président, nous n'avons peut-être pas tellement d'autres questions à poser au témoin, nous pourrions peut-être finir dans une dizaine de minutes.

M. PINARD: Certain.

Mr. WINTERS: I would like to ask a question before we adjourn Mr. Chairman.

The CHAIRMAN: I do not think we will be able to clear this up very quickly, at least not as quickly as is proposed by the two genial members for Montreal, Mr. Beaudry and Mr. Pinard, whose assistance we all appreciate. I think they have perhaps by now pretty well exhausted the questions they wanted to ask, though they might take a few moments longer. And I anticipate that other members of the committee will want to ask questions with the result that we would be here for a much longer time than five or ten minutes. Also, I understand that counsel has certain questions he wants to ask this witness, so that I do not think it would be possible to finish before another half hour; and rather than not give everyone a chance I will now call it 6 o'clock.

Mr. WINTERS: May I ask a question on another matter before we adjourn, Mr. Chairman?

The CHAIRMAN: May I dispose of this matter first, Mr. Winters?

Mr. THATCHER: On behalf of Mr. Irvine and myself, are you asking this witness to come back here again tomorrow?

Mr. MONET: Yes.

The CHAIRMAN: I am not asking them, the committee will be.

Mr. THATCHER: I have not had much to do on this committee as yet. If we are going to devote as much time to other small organizations as has been devoted to the one before us this afternoon it seems to me that we will be here for a long time. It seems that we are taking every little company.

The CHAIRMAN: May I say something to you, Mr. Thatcher? You are just a new member of this committee.

Mr. THATCHER: Yes.

The CHAIRMAN: And it is that this committee in the months that it has been doing its work has acquired a quality of patience and endurance—

Mr. FLEMING: Hear, hear.

The CHAIRMAN: —and I think that you had better put yourself in the light of our experience, which Mr. Irvine will tell you about.

Mr. THATCHER: Maybe you misunderstand my point. I thought this committee was set up to find why prices were high, and these isolated cases it seems to me have been given enough time. You would not accept a motion that we drop this case and proceed with something else?

The CHAIRMAN: I must accept any motion. If you have a motion to put I have no alternative but to put it to the committee. We have tried to avoid as much as possible dealing with motions in this committee and in most instances we have succeeded. If you wish to put a motion I must receive it.

Mr. THATCHER: Then, Mr. Chairman, I would move that this matter be dropped for now, and in view of the fact that it is not illegal it is very regrettable—I would move that we get on with the next thing.

Mr. BEAUDRY: Before Mr. Thatcher finds a seconder, we had a motion passed almost unanimously in this committee on Tuesday following a somewhat lengthy discussion in which I pointed out that this particular case was not extremely glaring in any way but that it might lead to a practice which would involve carloads of butter; at least I believe that there will be a number of submissions to this committee showing that the practice exists and has existed, and you may look upon this particular bit of evidence as being but preliminary. I understand your impatience, but I think the matter should be finished.

Mr. THATCHER: It is not impatience. I want to get at the root of this.

Mr. BEAUDRY: Mr. Chairman, I want to point out that there was a motion the complete opposite of that now proposed by Mr. Thatcher which was approved by the committee last Tuesday.

The CHAIRMAN: Now, Mr. Thatcher, you have heard the comments of one member of the committee, Do you wish to proceed with this motion? If so, we will dispose of it.

Mr. THATCHER: How do you mean dispose of it?

The CHAIRMAN: I am dealing with it now.

Mr. FLEMING: Would Mr. Thatcher let me say this to him, because I am one of those who share the impatience which he has in connection with the proceedings in general. I think we have been going into a lot of detail, but we are nearly through with this matter now. It is not going to take more than another twenty or twenty-five minutes. We might spend a lot of time discussing this. I think we might say that the motion expresses the general feeling of impatience which seems to prevail.

Mr. JOHNSTON: I move we adjourn.

Mr. THATCHER: All right, I withdraw my motion.

The CHAIRMAN: There is a motion to adjourn.

Mr. WINTERS: Before adjournment Mr. Chairman, I have a matter here which I think is of unusual importance and I would like to take just half a minute to present it, and it is that I received a communication from Halifax to-day—

The CHAIRMAN: So did I.

Mr. WINTERS:—since I brought this question up this morning. Apparently there is a great deal of concern over the situation which exists down there, and the report is that a carload of inferior butter has been put on the market at the first-grade price at a time when shortages make it almost necessary to buy anything that is offered. At the same time, the Attorney General of Nova Scotia has expressed great concern over the butter, which he has stated was unfit for human consumption; and the retailers involved expressed very great concern because they feel that they are being looked upon from oblique angles; and I have now received from what I consider to be reliable authority in Halifax information that at least one carload of this butter has been passed on to the retailers by a wholesaler who is considered to be Canada Packers. Under the circumstances I feel that I have no alternative but to ask the committee to subpoena some responsible person from the head office of Canada Packers.

Mr. PINARD: I would second that motion.

The CHAIRMAN: You have heard the motion, gentlemen?

Mr. FLEMING: I would like to have a little information on this. You have indicated that this matter was discussed at an executive meeting yesterday—

The CHAIRMAN: At a secret session.

Mr. FLEMING:—at which I was not present. I want to be quite sure before this committee gets itself involved in the situation that it is not going to delay rather than expedite clearing up the situation down there. I think we are all prepared to agree that the butter situation down there is as has been indicated by Mr. Winters to the committee and that something ought to be done to clear it up by the proper authority. As I understand the situation, that butter is being sold down there under false colours; then surely it is a matter for the law enforcement authorities down there and for the Wartime Prices and Trade Board. If my information is correct the Wartime Prices and Trade Board enforcement officers have the matter in hand. Now if that is the case I cannot see how this committee is going to help by recruiting itself into the matter. Surely the best contribution this committee can make to promote the effective dealing with the situation is to urge the proper enforcement officers to get at the problem right away. It is not for us to step in because if we do step in

we are going to slow everything down. If witnesses are called here that step will slow down the prosecutions. I do not see how the committee can help there.

The CHAIRMAN: May I say one thing? My statement has no reference to the work of this committee as such but I was informed about 5 o'clock that the attorney general of Nova Scotia had made a statement. I have not seen the statement but he did make a statement saying that the butter under investigation was unfit for consumption. I at once gave authority to the inspector of the Food and Drugs Act to obtain this butter at once. That step is however outside the work of this committee and is a matter concerning the administration of the Food and Drugs Act.

Mr. JOHNSTON: Would that not be the proper authority?

The CHAIRMAN: Yes, with respect to the quality of the butter, but it has nothing to do with prices.

Mr. IRVINE: Is it not true that if inferior butter is being sold at superior prices it is the equivalent of an increase in the price of butter?

The CHAIRMAN: Yes, but I was just referring to the administration of the Food and Drugs Act.

Mr. WINTERS: I think it is in the public interest.

Mr. PINARD: It has also been rumoured that third grade butter is being sold at first grade prices in other places.

Mr. LESAGE: It would be a good thing if we had the local manager of Canada Packers down there.

Mr. THATCHER: Yes, but we want the head man.

The CHAIRMAN: Let us proceed with as much unanimity as possible.

Mr. PINARD: If we want to ascertain whether the same practice is being followed in other places I think we would have a better chance of obtaining information if we had the head office representative here rather than the local man.

The CHAIRMAN: I am going to ask counsel for his view.

Mr. MONET: Mr. Spence, the enforcement administrator, made a report this morning and he said that it had not been decided whether prosecutions would be taken. My personal view is that if prosecutions are to be taken I would not think that these people should be summoned before the committee. If prosecutions are not to be taken I would suggest that they should be summoned.

Mr. MAYHEW: Mr. Chairman, I would move that this committee adjourn and that you call a meeting of the executive committee to discuss this matter immediately.

Mr. JOHNSTON: It was discussed at last night's meeting and we were going to have a report from our counsel and from the Wartime Prices and Trade Board.

Mr. MONET: That report was given this morning by the Wartime Prices and Trade Board and I am informed that up until this very minute there is no more information available than was given to us this morning.

Mr. JOHNSTON: Are they going to proceed with prosecutions?

Mr. MONET: They do not know definitely whether they will or whether they will not.

Mr. JOHNSTON: Then you have not got enough information to decide whether or not we should enter this field.

The CHAIRMAN: Well there is a motion that there be an executive session right now.

Mr. IRVINE: There is a previous motion made by Mr. Winters.

The CHAIRMAN: Excuse me, you are quite right. Mr. Pinard was the seconder of Mr. Winter's motion.

Mr. JOHNSTON: I thought he was going to withdraw that.

Mr. WINTERS: I do not know why you should think that.

Mr. JOHNSTON: Well, I have several reasons.

The CHAIRMAN: You have a motion put by Mr. Winters and seconded by Mr. Pinard that officials from Canada Packers be called to explain the situation.

Mr. WINTERS: That is correct, Mr. Chairman. I moved that a responsible representative from head office and the office manager or someone from the local office be here.

The CHAIRMAN: Do you want to phrase your motion more exactly Mr. Winters? I stated it rather generally.

Mr. WINTERS: My motion is that in the light of the circumstances and in the public interest, and within the terms of reference of this committee, responsible officers from the head office of Canada Packers and a responsible official from the local office be subpoenaed to appear before this committee at the earliest possible date.

The CHAIRMAN: Is there any seconder?

Mr. PINARD: I second the motion.

Mr. MAYHEW: I do not think we know enough about the situation to take this action.

Mr. WINTERS: We could find out.

Mr. MAYHEW: I know, but we are taking a serious step. At the present time, I could not support it because I do not know enough about it.

Mr. JOHNSTON: In view of the fact our counsel has just advised us that the Wartime Prices and Trade Board is still working on the matter—he was in consultation with those officials last night—and they have not, as yet, sufficient information for our counsel to advise us what procedure to take, I think we should do as Mr. Mayhew suggests and wait until our counsel is in a position to advise us whether or not it would be beneficial for us to take up the matter.

Mr. IRVINE: I think we should take it up right away, whether it is beneficial or not.

Mr. WINTERS: I think there are two separate and distinct matters; one falls within the scope of the Wartime Prices and Trade Board and the other concerns the high price situation which falls within the scope of this committee. It is on the latter I desire the vote.

Mr. LESAGE: I think we had sufficient information last night at the executive session to enable us to vote on the matter.

Mr. WINTERS: I think that is fair. It would be fair to Canada Packers and it is certainly in the interest of the general public. I see no harm in it and I would, therefore, ask for a vote.

Mr. FLEMING: I think the view put forward by Mr. Mayhew is absolutely sound, particularly when you consider we are a fact finding body. We have no right to step in and interfere with the normal process of law enforcement. If we start doing that, we are going to do a great deal of harm.

Mr. WINTERS: It seems to me that Mr. Fleming is reversing his position

Mr. FLEMING: Now, if the facts are as stated, then there has been an offence against the law. If there has been an offence against the law there ought to be a prosecution. If a prosecution is commenced and this committee subpoenas those witnesses, those witnesses could not tell their story. You are going to

hold up the prosecution. Those witnesses will claim privilege and say they should not be prejudiced by giving evidence here while there is a prosecution under way.

There are two separate functions here. You can put the functions of this committee on one side and the functions of the law enforcement officers on the other. However, that does not fit here because this matter concerns the same evidence and the same individuals. If we are going to get into the field of law enforcement and start taking over the duties of people who are set up under the law as law enforcement officers, we are going to take quite a bit on ourselves.

There are offences indicated in the information put before the committee by Mr. Winters. If that is so, you have competent people to prosecute. Here is Mr. Spence, the enforcement counsel of the Wartime Prices and Trade Board. You have the attorney-general and all the law enforcement officers of Nova Scotia available to undertake prosecution. I believe that is the place for this matter to be handled. It is a matter for prosecution.

Mr. LESAGE: How can Mr. Fleming say it is a matter for prosecution?

Mr. FLEMING: I say, if the facts are as stated.

Mr. LESAGE: Mr. Monet said the report from The Wartime Prices and Trade Board did not contain sufficient information for us to ascertain whether there would be a prosecution.

Mr. FLEMING: Then, we had better wait.

Mr. LESAGE: If we wait until it is decided there is going to be a prosecution, we will never have these people here because they will have a well-founded objection that the prosecution is under way. It is for that reason we should have them here now.

Mr. FLEMING: Mr. Lesage is simply exposing the weakness of the whole case. He is simply proposing that we beat the law enforcement officers to the gun. Surely, it is more sensible to allow the law enforcement officers time to make up their minds as to what they are going to do.

Mr. WINTERS: Mr. Fleming is just reversing the position he took when Mr. McGregor was before this committee.

Mr. FLEMING: I have not done anything of the kind.

The CHAIRMAN: Order. We have heard both sides on the matter now. We have to make a decision. You have the motion before you. Those in favour of the motion? Those opposed? The motion is carried.

Carried.

Mr. Fleming has a matter he wishes to bring up.

Mr. FLEMING: It is the matter of having Mr. Graham Towers appear before the committee as a witness. Mr. Mayhew was good enough to contact Mr. Towers today, and Mr. Towers indicated he could get here at 4 o'clock tomorrow if we were prepared to have a session tomorrow afternoon. Then Mr. Dyde was contacted and he said he would require between three and four hours to examine Mr. Towers before any of the members of the committee get a chance at him, so there does not seem to be much use in starting in with only two hours. It is impossible for us to do the job when Mr. Dyde will take the first three or four hours. So we are out of luck.

The CHAIRMAN: All right. The meeting is adjourned until tomorrow.

The meeting adjourned to resume on Friday, April 9, 1948, at 11 o'clock a.m.

APPENDIX

TRANSLATION OF EVIDENCE BY MESSRS. GAUTHIER, PELCHAT AND BERNIER

Mr. Maurice Gauthier, Jeweller, called.

By Mr. Monet:

Q. Mr. Gauthier, do you wish to be sworn. I understand, Mr. Gauthier, that you wish to testify in French.—A. Yes, sir.

Mr. DRAPEAU: Well, Mr. Chairman, as Mr. Gauthier's solicitor and assistant—

By Mr. Monet:

Q. You are his attorney?—A. Yes, sir.

Q. And you are, sir?—A. Jean Drapeau, of Montreal. I should like to make a statement of principle. I believe I have already had the indignation of my clients conveyed to various persons. I believe that the statement of principle now made is an effect of that indignation. Had it not been for the readiness of Messrs. Pelchat, Gauthier and Bernier to repeat to the members of this committee the information already furnished very willingly to several federal, provincial and municipal investigators, and which establishes beyond all doubt that no irregularity or illegality was committed by them, had it not been for the misinterpretation to which their absence would have lent itself inevitably at the hands of certain ill-disposed persons, I must say that my clients would not have been here today. Their absence would have stemmed from a principle, a principle the intrinsic value of which is unquestionable and admits of none of the exceptions which people in certain quarters seem ready to accept too easily and too often. While my clients bear names which leave no room for doubt as to their racial origin, Pelchat, Gauthier and Bernier, they received a summons wholly worded in English. This procedure is unacceptable—

By Mr. Lesage:

Q. Mr. Chairman, are we attending a political meeting?

The CHAIRMAN: No.

Mr. LESAGE: Are we compelled to listen to this statement?

Mr. DRAPEAU: I am making this statement on behalf of the witness.

The CHAIRMAN: Your client was subpoenaed in English, believe me, we deeply regret that. You sent a telegram in French, Mr. Arsenault?

Mr. ARSENAULT: Yes, sir.

Mr. DRAPEAU: Nevertheless, it is a sad thing to note that the exception taken to this statement comes from French-Canadians.

By Mr. Beaudry:

Q. I do not think the committee objects to hearing the statement of the witness or of his attorney, since he has already made such a statement in the

past, but I believe it is because part of this statement deals with a question which has already been explained. The committee had no intention whatever of ignoring it, but rather aims at avoiding a repetition.

Mr. DRAPEAU: If you wish, Mr. Chairman, that I should bring my statement to a close, I will comply with your wish.

Mr. BEAUDRY: I only object to that part of the statement. I believe that the committee has already been acquainted with the subject. I do not think the committee objects to hearing your statement save for that part which has already been discussed.

Mr. DRAPEAU: This procedure is unacceptable, and my clients wish to voice their deep indignation and reject any explanation for the excuses offered as a reason. It is unnecessary for me to add that I personally associate myself with the feelings of my clients and add the expression of my own indignation and my strongest protest.

Mr. BEAUDRY: Would you allow me to ask a question?

Mr. MONET: Mr. Gauthier, will you please give us your Christian name?

—A. Maurice.

Q. And what is your address?—A. 6950 Louis-Hémon Street, Montreal.

Q. What is your occupation?—A. I am a jeweller.

Q. How long have you been in the jewellery business?—A. Since 1945.

Q. Am I to understand that you are Mr. Pelchat's partner?—A. Yes, sir.

Q. In a limited company?—A. Yes, sir.

Q. Carrying on business under the firm name of Pelchat and Gauthier?—

A. Yes, sir.

Q. Will you tell the members of the committee how many stores you operate in Montreal or elsewhere, if you operate some elsewhere?—A. Only two, in Montreal.

Q. Please tell us where they are located?—A. At 3116 Masson Street and 5104 Decarie Boulevard.

Q. I understand that these two stores are engaged exclusively in the jewellery trade?—A. Yes, sir.

By Mr. Beaudry:

Q. If you have no further questioning, Mr. Monet, allow me to ask a few questions. I understand that Mr. Gauthier or Messrs. Pelchat and Gauthier also dealt in butter recently.

Mr. MONET: I was on the point of asking the witness if he had interested himself personally or if the Pelchat and Gauthier company had interested itself quite recently in the butter business?—A. No, sir.

Q. Am I to understand, Mr. Gauthier, that the firm of Pelchat and Gauthier purchased a certain quantity of butter quite recently?—A. Yes, sir.

Q. Will you tell us from whom you purchased the butter in question?—A. From Mr. David Bernier.

By Mr. Beaudry:

Q. What is Mr. David Bernier's occupation?—A. I believe he is a butter-man.

Q. Under what trade name?—A. I believe that of Jersey Brand.

Mr. PINARD: Does he manufacture butter himself?

Mr. BEAUDRY: Is it Jersey Brand Limited?—A. I do not know.

(In English)

Mr. HARKNESS: Who makes the Jersey Brand? What company makes it?

Mr. MONET: The trader who sold him the butter will appear as a witness.

(Translation)

Mr. BEAUDRY: You say that Mr. Bernier is a butter-man. Can you tell us whether he manufactures butter or sells butter?—A. He manufactures and sells butter.

Q. Have you known him for a long time?—A. Since my childhood.

Q. You purchased butter from Mr. Bernier fairly recently?—A. Yes, sir.

Q. On what particular date?—A. March 31.

Q. You purchased butter from Mr. Bernier on March 31, 1948?—A. Yes, sir. I had bought some previously, I have been purchasing butter for twenty-five years.

Q. When you purchased butter from Mr. Bernier on March 31, 1948, what quantity did you purchase?—A. 5,600 pounds.

Q. You were aware on March 31, on that particular day and several days previously, that it was extremely difficult to secure butter in Montreal?—A. Certainly.

Q. In spite of that, you did succeed, by reason of your relations with Mr. Bernier, in purchasing 5,600 pounds of butter?—A. Exactly.

Q. Did you have to state to Mr. Bernier for what purposes you wanted to purchase 5,600 pounds of butter or did Mr. Bernier ask you why?—A. I told him, I do not know if he asked me first, but I told him.

Q. And what were your purposes you told Mr. Bernier?—A. To give it away as premiums.

Q. What price did you pay Mr. Bernier for this butter?—A. 69 cents.

Q. A pound?—A. Yes, sir, exactly.

Q. Do you know the market price or the price for which the wholesaler could have sold you butter at that time?—A. I believe that is the price.

Q. The ceiling price?—A. It was 73 cents.

Q. I beg your pardon?—A. I believe it sells as high as 73 cents.

Q. At the time you made this transaction were you under the impression that Mr. Bernier had a right to sell you that butter at 73 cents a pound?—A. Oh, I could not say.

Q. You have just said so in a previous answer?—A. I could not say.

Q. You said a moment ago, if my memory serves me right, that you had paid 69 cents a pound for the butter and I asked you if that price was the ceiling price and you stated, I believe so?—A. Yes, sir.

Q. It was 73 cents?—A. Yes, sir.

Q. Hence, I am asking you if, when you made this purchase, you were under the impression that Mr. Bernier had a right to sell you that butter at 73 cents a pound?—A. No, sir. I do not think so. At the time, I believe he had the right to sell it at 69 cents owing to the wholesalers.

Q. Should you not correct your previous answer. I do not want to lay a trap for you, but I believe your previous answer left the committee under a false impression?—A. I got it for 69 cents in the belief that was the ceiling price.

Q. After having explained to Mr. Bernier that you needed that quantity of butter for the purpose of offering it as a premium?—A. Yes, sir.

Q. You explained that to Mr. Bernier when you made the request for that butter?—A. That is it.

Q. You asked for the butter, Mr. Bernier did not offer it to you?—A. I asked for it.

Q. I will come back to this point in a moment. The transaction on the basis of 69 cents a pound represents \$3,600 or \$3,700?—A. Exactly.

Q. You purchased the butter on March 31, 1948, and did you pay cash for it?—A. Yes, sir.

Q. What was the total amount?—A. I could not say offhand, 5,600 times 69 cents—

Q. You are a jeweller, this is not something you do the year round?—A. I cannot give you the exact figure—\$3,800 and a few odd dollars.

By Mr. Monet:

Q. \$3,864, does that refresh your memory?—A. Perhaps. Yes, that is the exact figure.

By Mr. Beaudry:

Q. How did you pay for the butter?—A. By cheque.

Q. What date did it bear?—A. March 31.

Q. The cheque was cashed on what date?—A. It was not cashed.

Q. The cheque was not cashed?—A. No, sir.

Q. Will you explain why?—A. Because naturally, one first wanted to see what the reaction would be. It was rather by way of protection, in order to be able to keep it. Naturally, it was said that if the sale did not work out as one had thought, there might perhaps be a way of cancelling that.

Q. When you state that there might perhaps be a way of cancelling that, are you speaking from your viewpoint or that of Mr. Bernier?—A. I really believe we could agree. He is a friend of the family.

Q. Had there been a previous understanding?—A. A verbal understanding, naturally.

Q. In a word, there had been an understanding to the effect that—if I may summarize your transaction—that you had a right to draw on Bernier to the extent of 5,600 pounds of butter?—A. That is it.

Q. But if you did not need it for the purposes of your business, if the premium or the offer of butter in question did not produce the desired results, you intended having the right to ask Bernier to take his butter back and refund you?—A. Yes, sir.

Q. In actual fact, is that what happened?—A. Yes, sir.

Q. In actual fact?—A. Yes, sir.

Q. In actual fact, Bernier never cashed the cheque?—A. Exactly.

Q. The cheque for \$3,864 dated March 31?—A. Yes, sir.

Q. Did Mr. Bernier give you butter on March 31?—A. I could not say exactly. March 31, I do not know what date that was.

By The Chairman:

March 31 was March 31.

The WITNESS: I mean the day.

The CHAIRMAN: It was a Wednesday.

Q. A butter transaction in the case of a jeweller is a rather uncommon matter. We are speaking of an occurrence that took place at most nine days ago. You do not recall the exact sum you paid by cheque for 5,600 pounds of butter. You do not recall the exact date on which you received the butter. I wish to alter the tone of my questions. I will word them in the simplest possible terms. Did you receive butter from Mr. Bernier?—A. I received 200 pounds. I cannot say if it was on March 31 or on the first of the month.

Q. On what date did you offer butter as a premium to your customers?—A. I do not know exactly, really.

Q. Is there anybody in your business who is conversant with the facts of your business?—A. I am.

Q. With reference to butter?—A. I am.

The CHAIRMAN: March 31, that was a Wednesday, I believe.

Mr. BEAUDRY: Do you wish to answer more clearly?

The CHAIRMAN: I suggest that.

The WITNESS: March 31.

By Mr. Beaudry:

Q. You gave a cheque for \$3,864 on March 31?—A. Yes, sir.

Q. You gave \$3,864, you will correct me if I use the wrong expression, with the promise: Do not cash the cheque if I do not receive the butter?—A. Exactly.

Q. In what manner did you dispose of that butter?—A. To the customers who made a \$5 purchase.

Q. I do not know if the committee will deem the next question a proper one. You have two stores, one on Masson Street and the other on Decarie Boulevard. Would you have any objection to telling us what is your gross business for the two stores?—A. Yes, sir.

Q. You would object to telling me?—A. Yes, sir, I do not think that has anything to do with butter.

Mr. BEAUDRY: I will not say anything for the time being.

Mr. LESAGE: That has as much to do with it as jewellery.

By Mr. Beaudry:

Q. As from what date did you give the butter as premium?—A. March 31, exactly.

Q. On the 31st, you gave butter as a premium?—A. Yes, sir.

Q. Then, the whole transaction in which we are interested took place on the 31st. On the 31st, you gave a cheque which was not cashed; you received some butter, you do not recall when you received it, you did not recall it a moment ago, therefore the answer is that you received butter on the 31st and it was on that date, the 31st, that you gave it away?—A. I see the date which is marked on the advertisement, it is unnecessary to get heated over the matter of a date.

Q. The committee is not getting heated. We are dealing with a transaction that took place on the same day. If I revert to an answer you gave a moment ago, you do not recall the amount entered on the cheque you gave?—A. I did not recall to within a few dollars, but I knew that it was \$3,860 and some odd dollars.

Q. Within a few days of the date, let us say that in your case it was March 31, you made a conditional deal with Mr. Bernier whereby you gave a cheque which was to be cashed conditionally, but which was not actually cashed, whereby you received only 200 pounds of butter in a total quantity of 5,600 pounds. About how much did you distribute on that day?—A. About thirty-five or forty pounds.

Q. Could we not have the exact figures?—A. Sir, I believe the quantity was thirty-seven pounds.

Q. Do you believe that is the exact quantity or do you believe that is perhaps the exact quantity?—A. That is it.

Q. You distributed exactly thirty-seven pounds of butter by way of premiums on March 31? You still had 5,400 pounds in reserve for which you had paid conditionally. You still had 163 pounds out of the 200. What did you do with the 163 pounds?—A. I have them at my home and at my partner's home.

Q. You now have 163 pounds of butter on hand?—A. But since then I gave some to members of my family.

Q. Mr. Chairman, I cannot obtain an answer from the witness. He says in the same sentence that he has and that he has not 163 pounds of butter on hand. I presume you still had 5,400 pounds on charge. What has become of it?—A. It is in storage; Mr. Bernier took it back.

Q. Is it in your name?—A. No, it is in Mr. Bernier's name.

Q. Here we have another transaction whereby you returned 5,400 pounds of butter to Mr. Bernier. On what terms and when?—A. On Monday, April 5.

Q. You returned that butter to Mr. Bernier on Monday April 5?—A. Well, I did not return it to him; the butter was in storage.

Q. You informed Mr. Bernier that he could keep the 5,400 pounds of butter which you had purchased?—A. Because the Prices Board had advised me to stop distributing it. I stopped that very day, but as it was Saturday, a busy day for me, I made the exchange of cheques on Monday. I gave him a cheque for \$138 and I took back mine.

Q. You did not pay to Mr. Bernier the price of 5,600 pounds of butter, but Mr. Bernier took back 5,400 pounds and you gave him a cheque for the difference between 5,600 and 5,400 pounds. Is that right?—A. Yes, sir.

Mr. FLEMING: Mr. Chairman, if Mr. Beaudry would kindly speak more slowly and witness would speak louder and more slowly, the members could hear better.

Mr. BEAUDRY: I apologize. Mr. Fleming is perfectly right.

By Mr. Beaudry:

Q. On April 5, following your notification to Mr. Bernier that you were not taking delivery of the 5,400 pounds of butter theoretically purchased and paid for on March 31, Mr. Bernier returned to you your cheque for \$3,864 and in return you gave him a cheque for \$138 which he accepted and which you do not yet know what has become of?—A. Yes, sir.

Q. And you do not yet know what has become of the 5,400 pounds of butter which you temporarily owned, though it was not in your actual possession?—A. No, sir.

Q. You just told me that you had 163 pounds of butter on hand on March 31, and you also answered that you had distributed some. Would you have any objection to telling me whether this butter is still in your possession or whether it has been distributed?—A. I have 40 or 42 pounds on hand, and my partner about the same quantity.

Q. Did you distribute it in your capacity of jeweller or as individual?—A. As an individual.

Q. Then, if my calculations are correct, you must still have about 83 pounds of butter. Will you please tell me what you have done with it?

Mr. DRAPEAU: I submit that this question has already been asked and has been answered in another way, Mr. Chairman.

The WITNESS: Well, if you wish me to give you the names of all the members of my family—

Mr. BEAUDRY: If that is your answer, it is the answer that I want.—A. That is it.

Q. At present, you and your partner hold about 80 pounds of butter?—A. That is right, we have about 40 pounds each.

Q. Would you kindly tell me, without entering into other considerations for the moment, how this business started between you and Mr. Bernier which ended in the sale of 5,600 pounds of butter from Mr. Bernier to you?—A. I do not understand your question very well.

Q. Under what circumstances was the transaction started whereby you asked Mr. Bernier to sell you 5,600 pounds of butter?—A. I went to see him one evening after the store closed. I had thought of putting on a sale of that kind. I simply called on him and spoke to him about it. As a friend of his family, he agreed.

Q. Mr. Bernier told you that he could easily supply you with 5,600 pounds of butter?—A. He gave me his answer the next day.

Q. You knew that at that time many people had difficulty in obtaining butter, even a quarter of a pound?—A. I was aware that butter was very scarce.

Q. What reason would you have given for offering butter as a premium?—
A. Of course, I knew it was scarce.

Q. Did it not strike you that many citizens of Montreal who experienced difficulty in obtaining butter would find it strange that a jeweller or an operator of any business could obtain butter for the sole reason which you have given that of an old friendship between a butter dealer and a jeweller, and that the latter could give the butter as a premium?—A. Naturally, it could have been deemed strange.

Q. According to you, could it have seemed strange or should it have seemed strange?—A. Oh! It should have.

By Mr. Pinard:

Q. Did you get the idea from methods used by other businesses?—A. No, sir.

Q. The initiative was yours?—A. Yes, sir.

Q. Had that previously been done in Montreal?—A. Not to my knowledge.

Q. At that time?—A. No.

Q. The idea was not suggested to you by the practices of other business establishments?—A. Absolutely not.

By Mr. Beaudry:

Q. Have you now come to the conclusion, Mr. Gauthier, that many people in Montreal may find it strange that a business like yours could find 5,600 pounds of butter when they themselves cannot buy any at all?—
A. Absolutely, but I do not think there is any connection between this question and the other. It is a personal matter. Had I been a grocer I could have done the same thing. It did not appear abnormal to me.

Q. This is a matter to be interpreted by the committee; I do not think it can be left to your interpretation.—A. Oh!

Q. I should like you to tell me whether the transaction you carried out did not appear extremely abnormal to the people of Montreal, and probably to the people of the whole country?—A. It seems to be so judging by the reaction.

Q. Do you admit that your reaction was different from that of other people?—A. Well if I had found the deal so abnormal I should probably not have gone on with it.

Q. I realize that reactions may differ from one period to another. I should like you to tell me whether you do not think, after due reflection, that your deal—I am not accusing you of dishonesty—might have some illegal outcome?—A. Really, I do not think so. I do not consider my action any worse than that of theatres who give away dinnerware, or of any other merchants who distribute premiums.

Q. Why did you not offer dinnerware rather than butter which at that time was practically unobtainable?—A. I thought that, butter being scarce, the premium would be all the more attractive. That is normal.

Q. You were ready to take advantage of the fact that many people in Montreal had no butter, in order to push your sales and make a profit? Though not engaged in the butter business, you availed yourself of your friendship with a certain butter dealer to make a speculation?—A. In any event, the butter was consumed by the people.

Q. It is established that 37 pounds of butter have been distributed?—A. That is right, 37 pounds of butter have been distributed.

Q. However, only 37 people on the whole island of Montreal profited by the deal whereby you obtained control over 5,600 pounds of butter. Do you consider this a fair distribution of butter throughout the city of Montreal?—A. That is absolutely personal, since. . .

Q. Wait a minute, here is another question.

Mr. DRAPEAU: The witness should be allowed to finish his answer. . .

The CHAIRMAN: Let the witness answer.

The WITNESS: Though I did get control of 5,400 pounds of butter, I believe that there are at present thousands of pounds of butter in storage.

By Mr. Monet:

Q. Do you say that there are thousands of pounds of butter in storage? I think that this is extremely important. Mr. Gauthier, although you are under oath, you have just said that there are thousands of pounds of butter in storage.—A. Certainly, but I do not know where. The butter that will be consumed next week is at present in storage.

Mr. LESAGE: You say that—

Mr. MONET: Mr. Chairman, I do not want to be unpleasant toward my confrère who is assisting the witness, but I wish to point out that, ever since the latter started testifying, Mr. Drapeau, who is representing and assisting his client, as he is entitled to do, is practically suggesting answers to him. I would ask Mr. Drapeau to confine himself to advising his client, but not to suggest answers. You have just stated under oath that there are thousands of pounds of butter in Montreal warehouses?—A. I cannot say.

Q. You cannot say?—You have sworn that there were thousands of pounds of butter stored in Montreal?—A. My answer was based on the fact that butter is stored somewhere. The butter that will be consumed next week is now in storage.

Q. Can you name a large company or a warehouse heavily stocked with butter at present?—A. I cannot specify any company.

Q. Nevertheless, you stated under oath that there are some?—A. Yes, sir.

By Mr. Beaudry:

Q. Mr. Gauthier, I asked you just now about your annual volume of business but you preferred not to give it?—A. I simply said that the matter was irrelevant.

Q. That is not a capital reason. I should like to ask you another question which will perhaps make you see the matter from another angle. Your intention was, I understand, to give away a pound of butter as a premium with every purchase of \$5 made in either of your stores?—A. Yes, sir.

Q. For that purpose you purchased 5,600 pounds of butter?—A. Yes, sir.

Q. That is your answer?

The CHAIRMAN: What was your answer?

The WITNESS: Yes, sir.

Mr. Beaudry:

Q. You purchased 5,600 pounds of butter. I suppose you thought, as was generally thought throughout the country, that the butter shortage could not last normally more than a month. Had you any reason to believe otherwise?—A. No, sir, I thought that was about right.

Q. Would you kindly multiply your 5,600 pounds of butter by \$5 and tell us how much money you expected to make out of the 5,600 pounds of butter which you intended giving away as a premium during the month?—A. About \$28,000.

Q. I asked you just now to state your annual volume of business. Do you see any connection between what you say and the declaration of your annual volume?

Mr. DRAPEAU: I object. Is this an inquiry into business methods, into ways of stimulating sales? The annual volume of business has nothing to do

with the matter. A merchant may seek to stimulate his sales. Is this committee inquiring into business methods or is it seeking to discover where the butter comes from? It seems to me we are going rather far.

The CHAIRMAN: I see no objection.

(In English)

Mr. THATCHER: May I ask one question? Is Mr. Beaudry suggesting this procedure is illegal?

Mr. BEAUDRY: I am merely questioning in regard to the motion which was approved by this committee the day before yesterday.

The CHAIRMAN: Mr. Beaudry is trying to get some information germane to this committee.

Mr. BEAUDRY: We are dealing strictly with the question of the scarcity of butter as it may affect the price, and the use of butter as a premium with regard to the effect on prices.

Mr. THATCHER: You are not suggesting this procedure is illegal?

The CHAIRMAN: No. This witness has said there was a lot of butter available in the last few questions, and particularly as revealed by Mr. Monet. Mr. Monet said, "Well, who has all this butter? Give us the names". The witness said, "I cannot give you the names but I am quite satisfied there is a lot of butter available." It is only by questions that seemingly do not have a direct value that we sometimes get replies to questions that do have direct value. You have to allow a certain latitude in examination and that latitude I am permitting unless the committee thinks it is not permissible.

(Translation)

By Mr. Pinard:

Q. Now, Mr. Gauthier, you say that you sold 37 pounds of butter or rather that you gave 37 pounds of butter as premiums. Do you recollect the amount of sales those premiums have brought you, the total amount of these sales in relation to the 37 pounds of butter given as premiums?—A. I have not the exact figures at hand.

Q. Did the sales average \$5 or did they exceed that amount?—A. Some were in excess of that amount.

Q. Could you tell us if the purchases made were necessary ones? Were they necessary or were they simply made in order to get a pound of butter?—A. I think some people did not have that in mind and took this occasion to satisfy their need of jewellery.

Q. You do realize that in the jewellery trade no item sold is indispensable to business. Jewellery is not a commodity that one purchases in the ordinary course of things. What would you say if I told you that the majority of those sales were due to the lure of the butter premium?—A. Absolutely. However, I think I can base my opinion on the fact that each week a certain amount of money is being spent on jewellery. Of course every jeweller expects to make a certain amount of sales; then, naturally, I thought that when people need butter, instead of running down the street, let us say any street in Montreal, they will take advantage of the fact that they need jewellery as a gift to make or for their personal use in order to get some butter.

Q. You admit that such sales would not have been made had there been no premium attached?—A. I do not admit any such thing.

Q. You admitted it a while ago?—A. No.

Q. You are making a correction?—A. Yes, sir.

Q. In what did those sales consist, what was sold?—A. Two watches and a few pieces of jewellery.

The CHAIRMAN: That is all?

By Mr. Pinard:

Q. What was the largest amount of those sales?—A. I think it was \$70.

Q. You are referring now to the sale of a watch?—A. Yes, sir.

Q. Was it the price of two watches?—A. Only one.

Q. Does the amount of butter given depend on the amount of the sale?—

A. Absolutely.

Mr. MONET: I understand you gave one pound of butter for a \$5 purchase, two pounds for \$7 and three pounds for \$10?—A. Yes, sir.

By Mr. Pinard:

Q. How many sales have you made for the 37 pounds you gave away?—

A. We have sold approximately \$200 in each store.

Q. To how many buyers in all? You see, Mr. Chairman, if buyers, by their purchases, received seven, eight or ten pounds, or fourteen or fifteen pounds of butter, that had a worse effect on the situation. If, for example, three or four buyers alone received 37 pounds of butter. I hold that this aggravates the situation. I have only one more question. Could you tell us the total number of customers who took advantage of that situation, of the gift attached to sales?—A. In the Masson street store I think the number is about fifteen.

Q. That takes care of one place where butter was given away.—A. Yes. I think it is the same amount in both stores.

Q. Have you not given away more than 37 pounds of butter?—A. Some people bought for less than \$5.

Q. Then those who bought for less than \$5 also received a premium?—A. No, sir.

Q. Then, coming back to those who received a gift of butter. How many? You gave away 37 pounds of butter—

Mr. LESAGE: What was the price of the second watch?—A. I cannot say what price it was.

Q. The first one was \$70. If the second one was \$75, that would mean 20 pounds taken away?—A. One person only was allowed three pounds of butter for a watch priced at \$70.

Mr. MONET: Why did you give less butter?—A. I allowed a discount on the watch.

By Mr. Pinard:

Q. Did you advertise in the newspapers this method of doing business, this practice you adopted?—A. I advertized in the *Star* and *La Presse*.

Q. And you drew the attention of the public to the fact you took advantage of the great scarcity of butter as a means of increasing your custom and your sales. You put forth this fact to the knowledge of the public by means of public notices or advertisements, is that right?—A. Yes, sir; absolutely. I had that published in newspapers.

Q. You must realize today that your conduct helped to create or aggravate considerably the predicament which the population of Montreal and surrounding district are in at the present time. Do you realize that?—A. I do not believe that the small amount of butter I gave away could worsen the situation.

Q. Do you believe it is sound business practice?—A. Perhaps not.

Q. I agree with you.

By Mr. Monet:

Q. Before you leave, Mr. Gauthier, I have two or three other questions to ask you. They tie in with questions asked by Mr. Beaudry at the beginning of your evidence. You have previously bought butter from Mr. Bernier?—

A. Yes, sir.

Q. Should I gather that you bought big quantities of butter from Mr. Bernier, or were they small?—A. They were many, but the majority were small quantities.

Q. Did you ever buy as large a quantity as you did on this occasion?—A. No.

Q. It was for your family's consumption only.—A. Yes, sir.

Q. I read in an advertisement published in a Montreal newspaper on March 30 the following: "Pelchat & Gauthier announce a pound of butter for each \$5 purchase". This advertisement is dated March 30. I say this to refresh your memory and help you tell us if this advertisement has actually been published on March 30. A moment ago you mentioned the 31st to Mr. Beaudry, the date of this butter transaction. Would you kindly refresh your memory and tell us if that advertisement was not actually published on March 30? Is it possible that it was March 30?—A. Absolutely.

Q. Did you say that you advertised this butter as a premium the day before the conclusion of your arrangement with Mr. Bernier? Will you explain that to the committee?—A. Certainly, I took Mr. Bernier's word.

Q. Then you approached Mr. Bernier before March 30?—A. Right.

Q. When did you first speak to him about that? You told Mr. Beaudry a moment ago that everything was done on the 31st. Will you tell us when you first discussed the purchase of 5,600 lbs of butter with Mr. Bernier?—A. I am tell you, it was the Friday preceding this date.

Q. You are sure that it was on the Friday preceding this date? That would be Good Friday. What day was it that you discussed that with Mr. Bernier and was it at your store?—A. No, at his home.

Q. In the evening or in the afternoon?—A. Evening.

Q. Was Mr. Pelchat with you or were you alone?—Mr. Pelchat was with me.

Q. Mr. Pelchat was present at the conversation between yourself and Mr. Bernier concerning butter, and that was March 26?—A. Definitely.

Q. Why did you tell Mr. Beaudry, a moment ago, that this transaction took place on March 31 when it actually took place on March 26?—A. I said that because the cheque was made on March 31.

Q. The first meeting, on March 26, was on the subject of butter?

Mr. LESAGE: Mr. Chairman, is Mr. Bernier in the room?

Mr. MONET: I think so. I do not know him.

By Mr. Monet:

Q. Would it be in the general interest, while Mr. Bernier is leaving, that we examine this witness in detail on what actually went on during this meeting that culminated in this transaction?

Mr. MONET: At this stage of the examination, I think Mr. Bernier should not be present.

The CHAIRMAN: Is Mr. Bernier in the room?

Mr. BERNIER: Yes.

The CHAIRMAN: Will you please retire for a few minutes?

Mr. Bernier retires.

By Mr. Monet:

Q. Mr. Gauthier, I shall be as short as possible on that point. Let us get the discussion of the deal straight. On March 26, you called at Mr. Bernier's place where, for the first time, that deal was taken up between your associate, Mr. Bernier, and yourself.—A. Certainly.

Q. Mr. Chairman, will Mr. Pelchat, now present, retire.

Mr. LESAGE: Was he present at the interview?

Mr. MONET: He was.

By Mr. Monet:

Q. I understand that Mr. Pelchat was present at the interview on March 26?—A. Yes, sir.

Q. He was not present at the interview when the cheque was given?—A. No, sir.

Q. At the interview was it not agreed that Mr. Bernier would supply you with 5,600 pounds of butter upon request?—A. No, he made no commitments.

Q. Was the price discussed?—A. Yes.

Q. What was the price agreed upon?—A. The market price, 69 cents.

Q. Did Mr. Bernier tell you or intimate that due to the acute shortage, he could sell that butter 73 cents a pound?—A. No, sir.

Q. Did you tell Mr. Bernier he could retail his butter at 73 cents a pound?—A. No, sir.

Q. Then, without any mention of the retail price Mr. Bernier could get, he offered you his butter at 69 cents?—A. He gave us his answer the next day.

Q. There was no mention of the price Mr. Bernier could obtain for his butter if he retailed it?—A. No, sir.

Q. Did Mr. Bernier state there was a heavy demand for butter at that time?—A. No, sir, not particularly.

Q. He made no reference to that?—A. It was a fact.

Q. I understand that you are a jeweller, and you ordered 5,600 pounds of butter from Mr. Bernier. Had you advised him on March 26 that you intended disposing of the butter as a premium?—A. Yes, sir.

Q. And Mr. Bernier did not say or refer directly or indirectly to the fact that he could retail his butter at a much higher price than 69 cents?—A. No, sir.

Q. You swear to that?—A. Yes, sir.

By Mr. Beaudry:

Q. Mr. Monet, may I ask a question? Were there any other conditions to the sale besides the payment in money? There may have been a few words spoken on that score during the interview?—A. No, sir.

Q. There were no other condition mentioned specifically or implicitly with reference to the offer to sell butter at 69 cents apart from the sole payment by you?—A. No, sir.

Q. Were there no other condition, as for instance, the obligation to return what you would not need?—A. No, sir.

Q. Were there no mention of any storage charges on the 200 pounds of butter stored during four days?—A. No, sir.

Q. Mr. Bernier was willing to deliver you 5,000 pounds of butter to help your firm and to store it during one month, if convenient to you, for the mere sake of being of service to you?—A. Yes.

Q. At a time when there were no butter at Montreal?—A. Yes, sir.

Q. It was all a free service. You swear to that?—A. Yes.

By Mr. Pinard:

Q. He did offer to purchase any jewellery from you?—A. No, sir. I told you Mr. Bernier has been a friend of the family for twenty-five years.

Q. It was all for the sake of friendship?—A. Yes, sir.

By Mr. Lesage:

Q. Did Mr. Bernier tell you why he could not give you his answer that night?—A. No, sir.

Q. He merely told you that he would let you know his answer the next day?—A. Yes, sir.

Q. He did not tell you that he did not have it in stock or anything?—

A. No, sir.

Q. Did he tell you: "I shall see if I have any"?—A. No, sir.

Q. What was his reason for putting you off till the next day?—A. He said he would think it over to decide whether it was legal.

Q. That was his reason for delaying his answer until the following day?—

A. Yes, sir.

Q. To think the matter over?—A. Yes, sir.

Q. It was a matter of 100 boxes?—A. Yes sir.

By Mr. Beaudry:

Q. Did you discuss the legality or the illegality of the deal, that day?—A. On one point, we did, sir. He said he had the right to sell his butter to whomsoever he wanted. I think we always had in mind that we had the right to give the butter away, perhaps not to sell it, but to give it away.

Q. What reason did you voice during the discussion with reference to the legality of the deal, since I take it for granted that is what transpired?—

A. Exactly, because we had no permit to have or sell butter, and as it was given away, we thought that was not illegal at all.

By Mr. Beaudry:

Q. And in spite of all that, your idea of the increase of the sales and profit that you could realize from it for your own personal benefit, to the detriment of 5,600 consumers who might have taken advantage of it normally, caused you to override that lack of permit—A. I was positive that, as it was given away, there was nothing illegal in that.

Q. Here is my question again, as it was asked, and it is that the idea of the profits or the increased sales you hoped or that you felt you could make caused you to override all the considerations you had in mind at that time, that is those of the possible illegality, the lack of permit and so on?—A. Seeing that I gave it to them, I was positive that there was nothing wrong with that.

Q. Is the answer to my question yes or no?

The WITNESS: Would you repeat it please?

(The question is read to the witness by the reporter).

The WITNESS: Well, absolutely. I had not entertained that idea of illegality just mentioned by Mr. Beaudry. I had no such idea precisely because I knew it was given away and that there was nothing illegal in that.

Q. And in spite of the fact that Mr. Bernier told you, according to your answer of a few minutes ago, that he was not prepared to sell you butter, to sell you that butter, because he was not convinced that that matter was legal.

By Mr. Pinard:

Q. Did you seek legal advice on that?

The CHAIRMAN: Well, one at a time only, please, gentlemen.

The WITNESS: That is to say that I submitted the matter to Mr. Drapeau, here.

Mr. LESAGE: I would certainly like the witness to give an answer to Mr. Beaudry's question.

The CHAIRMAN: Would you give your answer?

The WITNESS: It is no, sir.

Mr. MONET: I have no further questions to ask the witness.

By Mr. Beaudry:

Q. Why did Mr. Bernier not take back the 80 or 84 pounds of butter you did not dispose of, that you did not sell and that are stored at your place now?—A. Because I did not offer to give them back to him.

Q. Why did you keep them?—A. For my own use.

Q. During how many months—A. I did not figure that out.

By Mr. Lesage:

Q. You have many children, you have a large family?—A. We are five around the table.

By Mr. Monet:

Q. I understand that your partner kept 40 pounds also?—A. That is right.

Mr. BEAUDRY: I think I have no other question to ask the witness at the moment. However, it is a matter of interest to me to know that Mr. Gauthier has 40 to 42 pounds of butter at home and that his partner has as much too?—A. Yes.

Mr. FLEMING: Mr. Chairman, I would like to ask the witness a question if it has not already been asked?

Q. Mr. Gauthier, did you receive an invoice from Mr. Bernier for that butter?—A. Yes, sir.

Q. Have you got it with you?—A. No, sir, but I still have it.

Q. Could you send it to us?—A. Certainly, sir.

Q. To-morrow?—A. Well, to-morrow, yes sir.

By Mr. Beaudry:

Q. Do you recall the date of that invoice?—A. March 31, sir.

Q. Would you swear that your invoice is dated March 31?—A. Yes, there, I would not swear that, but I am almost sure.

By Mr. Lesage:

Q. Are the terms of the transaction on that invoice?—A. Yes, it is an ordinary invoice with the price on it.

The CHAIRMAN: We shall see the document.

By Mr. Lesage:

Q. But there is no mention that it is a conditional sale?—A. No, sir.

(In English)

The CHAIRMAN: Are there any other questions? Mr. Irvine or Mr. Thatcher?

Mr. HARKNESS: I cannot recall all that has transpired but has it been brought out whether this 5,900 pounds has been given back?

Mr. MONET: It was turned back. It was a type of conditional sale and it was returned by the witness and his partner, to Mr. Bernier and the cheque was cancelled. They paid for the 200 pounds which they kept.

Mr. HARKNESS: They actually put out 200 pounds?

The CHAIRMAN: They were stopped by the Wartime Prices and Trade Board who came into the picture.

Mr. IRVINE: Well, Mr. Chairman, assuming that the Wartime Prices and Trade Board had not come into the picture I would like to know what would have happened to these 5,000 pounds of butter assuming that the quantity of butter produced in Canada had increased very materially within say four weeks of the

original purchase so that the effect would be that there was no premium in giving it away? What would have happened then? Would he have cancelled his original arrangement?

(Translation)

By Mr. Monet:

Q. Mr. Irvine wishes to know this: If Mr. Bernier had not taken back the butter, what would have happened to it? What would you have done with it, especially when it is expected that within a short time the production will come back to normal and that butter will be supplied in sufficient quantity to meet the demand. In such a case, what would you have done with the butter you had?—A. I was just going to sell it, I even personally phoned *La Presse* to have an advertisement inserted in order to sell it to anybody at the ordinary market price.

(In English)

Mr. MONET: The witness says that if that had happened he had the intention of selling it and he even got in touch with the press to have an advertisement put in the paper for the sale of the butter at the market price.

(Translation)

By Mr. Lesage:

Q. Then, there is something I do not understand.

Mr. MONET: I am giving the answer of the witness.

Mr. LESAGE: Yes, I readily understood, Mr. Monet, I readily understood his answer in French, which you have furthermore very well translated into English, but there is however something which I do not understand; I do not understand how the witness can give such an answer when he has been telling us, since the beginning, that this was a conditional sale and that Mr. Bernier had agreed to take back whatever would not be sold.

Mr. DRAPEAU: I object to the question, because Mr. Monet said, while translating Mr. Irvine's question: "If Mr. Bernier had refused to take it back", then the question was hypothetical and the answer necessarily becomes hypothetical.

Mr. LESAGE: One moment, the witness answered that he had got in touch with the newspaper *La Presse* for an advertisement in order to sell the balance of the butter he had on hand. Then, how can one reconcile that with the answer he has given when he swore that the sale was conditional and that Mr. Bernier had agreed to take back the butter that would be left. I ask the witness how this answer can be reconciled with what he has already said?

The WITNESS: Absolutely, by not selling to him, he does not take it back, if I sell it myself.

By Mr. Lesage:

Q. No, sir, you said that if your small premium set-up did not operate to your liking—A. Yes—

Q. Mr. Bernier would take the butter back?—A. Absolutely.

Q. That was the agreement?—A. I said that, yes.

Q. You said that, and that is why you told us Mr. Bernier kept the cheque and did not cash it?—A. Absolutely.

Q. Why did you get in touch with *La Presse* to offer for sale the butter you had left?—A. Precisely because I noticed that the premium transactions had not been very good and, then, in order to rectify that, I thought I would sell it at the market price.

By Mr. Monet:

Q. You knew that Mr. Bernier, according to your evidence, would take back the butter which was left?—A. Yes, but I still had the right to sell some.

Q. Do you mean to say that you wanted to make a profit on Mr. Bernier's butter?—A. No, absolutely not; but it was mine and I had the right to dispose of it. But, if I could not dispose of it, he would take it back, that's all.

By Mr. Lesage:

Q. According to the advertisement you had published in the newspaper *La Presse* or that you intended having published, at what price did you intend disposing of it?—A. I did not quote any price.

Q. What did you intend doing?—A. I intended selling it at the market price.

Q. 73 cents or 74 cents?—A. I do not know the market price there.

Q. You do not know that the retail price in Montreal, at present is 73 cents?—A. No.

Q. Do you swear that?—A. No.

By Mr. Monet:

Q. But you would have sold it at a higher price than 69 cents?—A. Probably.

Q. Then, notwithstanding the friendship considerations of Mr. Bernier who sold you the butter at 69 cents, while he could have sold it at the retail price of 73 cents, you would have been ready to sell it at the retail price for your own profit, if you could have; you would have been ready to sell it at the retail price?—A. Yes.

By Mr. Lesage:

Q. Was this advertisement in the newspaper *La Presse*?—A. No, sir.

Q. Why?—A. Because we changed our minds.

Q. Did you phone the newspaper *La Presse*?—A. Yes.

Q. You phoned the newspaper *La Presse*?—A. Yes and I phoned again to cancel my advertisement.

Q. You phoned the newspaper *La Presse* and you phoned again to cancel the advertisement?—A. Exactly.

Q. Did you get in touch with Mr. Bernier before asking the newspaper *La Presse* to publish this advertisement?—A. No, it was rather in the nature of a query I addressed to *La Presse*.

Q. Information you sought?—A. Yes.

Q. Or that you offered?—A. That I sought.

Q. You sought what?—A. I sought advice from a gentleman of *La Presse*.

Q. Oh! —And then, did Mr. Bernier refuse to take back the butter?—A. Not at all.

Q. Does this Mr. Bernier own a cold storage plant?—A. Yes, sir.

By Mr. Beaudry:

Q. And you repeat, Mr. Gauthier, that all your transaction with Mr. Bernier, until you discussed it, on March 25, 26 and 31 when the transaction took place, was brought to a head, that this whole transaction was conditional and that Mr. Bernier agreed to make 5,600 pounds of butter available to you accordingly as you needed it, in other words you would apparently pay him accordingly as you sold the butter?—A. No, I asked him to wait just a few days and see the reaction.

Q. But, still Mr. Bernier was willing to put at your disposal and keep in storage for you, for several weeks, 5,600 pounds of butter?—A. Not for several weeks, Mr. Beaudry, probably for ten days.

Q. Did you believe you could dispose of 560 pounds of butter a day?

Mr. MONET: 5,600 pounds.

The WITNESS: No, we knew—

By Mr. Beaudry:

Q. Well, do you believe so or not; you bought 5,600 pounds of butter?—

A. Yes, sir.

Q. And you say Mr. Bernier was willing to keep it for you during ten days; then, to be logical, one must conclude that you would have disposed of 560 pounds of butter a day?—A. Exactly.

Q. And Mr. Bernier was willing to do that?—A. Yes, sir.

Q. And he was also willing to take back the butter you would not sell?—

A. Exactly.

Q. That is what was understood between the two of you on March 25, 26 and 31?—A. Yes, sir.

Q. Before you actually gave butter as premium?—A. Yes.

The CHAIRMAN: Is that all?

Mr. PINARD: I have only one question to ask the witness, Mr. Chairman, with your permission.

Q. Was it just the visit of the Wartime Prices and Trade Board investigators that caused you to change your mind or was it your conviction that this was bad business practice?—A. Both, sir.

Q. So you will not follow the same procedure, if there is a shortage of another product?—A. I do not think so.

The CHAIRMAN: You wish to ask a question, Mr. Fleming?

Mr. FLEMING: Mr. Chairman, will Mr. Monet insist and ask the witness to bring tomorrow morning the cheque concerned?

The CHAIRMAN: Yes, it is understood.

Mr. MONET: Yes, I have a note to the effect that the cheques must be brought.

The CHAIRMAN: No more questions?

Mr. BEAUDRY: No.

Mr. Paul Pelchat, jeweller, is called.

By Mr. Monet:

Q. Mr. Pelchat, will you give us your christian name, please?—A. Paul.

Q. And your address?—A. My address? My home address?

Q. Yes—A. 6853 Garnier Street.

Q. I understand you are Mr. Gauthier's partner?—A. Yes.

Q. You are in business under the name of Pelchat et Gauthier Limitée?—

A. Right.

Q. As jewellers?—A. Right.

Q. And you have two stores, one at 5104 Decarie Boulevard and the other one at 3116 Masson Street?—A. Yes, sir.

Q. Mr. Pelchat, do you remember an interview you would have had with Mr. Bernier, accompanied by your partner, during the month of March, concerning a butter transaction?—A. Yes, sir.

Q. Could you tell us the exact date of the first interview?—A. The exact date of that first interview, was the Friday that—

By Mr. Lesage:

Q. Good Friday?—A. Yes, Good Friday.

By Mr. Monet:

Q. Did you have that interview at Mr. Bernier's home or at the store?—
A. At Mr. Bernier's residence.

Q. Would you please tell the members of the committee what is Mr. Bernier's occupation?—A. He is a butter manufacturer.

Q. He has been for a long time?—A. I believe so.

Q. You have known him a long time?—A. I have not known him long personally.

Q. Did you personally, or did your firm, ever buy butter from Mr. Bernier before this special transaction?—A. Personally, I had never bought any.

Q. And the firm Pelchat et Gauthier either?—A. No.

Q. Did you know Mr. Bernier prior to March 26, 1948?—A. I knew him as a customer in the store, he was a friend of Mr. Gauthier's.

Q. He was a friend of Mr. Gauthier's, but you had never before had a similar transaction with him, either for the trading of butter, or personal buying of butter?—A. No.

Q. Who advised you to go to Mr. Bernier to discuss this butter transaction?—A. A butter manufacturer whom we knew; when Mr. Gauthier and I discussed the matter, we said: "Let us go and see Mr. Bernier".

Q. What do you mean when you say "When Mr. Gauthier and I discussed the matter"?—A. Well, we wanted to give a premium.

Q. Who is concerned when you say: "We discussed the matter"?—A. Mr. Gauthier and myself.

Q. You discussed the advisability of giving a premium?—A. Yes, sir.

Q. You knew at the time that butter was very scarce throughout the country and particularly in Montreal?—A. Yes.

Q. And you thought it wise to attract your customers or even to incite other people who were not your customers previously, to come to your store, by offering them butter as a premium?—A. Well, a number of our customers were complaining that they had no butter, and we thought we were doing good business by acting in this way.

Q. Therefore, you began to negotiate with Mr. Bernier to find out if you could obtain some butter?—A. Yes.

Q. Could you tell the members of the committee what took place at Mr. Bernier's when Mr. Gauthier and yourself went to his home?—A. Well, we called at Mr. Bernier's home in the evening, after the closing of the store—

Mr. LESAGE: Would you kindly speak louder, please?

The WITNESS: On that Friday, we went to Mr. Bernier's and asked him whether we could have some butter. He asked us what we wanted to do with it and we answered that we wished to give it as a premium to our customers. He then said: "I do not see any difference in selling you butter or selling it to other people".

Q. So he sold you the butter?—A. Yes.

By Mr. Monet:

Q. So, at that time, Mr. Bernier hardly knew you?—A. Mr. Bernier hardly knew me.

Q. Did he not find your request strange, since there was such a shortage of butter?—A. Well, he said: "You wish to give the butter as a gift?" We said: "Yes". He found the proposition odd, the thing had never happened before, so—

Q. Did he not mention that, on account of the shortage of butter it might be difficult to deliver some?—A. He said: "Yes, I probably shall be able to answer you tomorrow."

Q. Did you discuss the quantity of butter that you wished to get?—A. We wanted a thousand pounds.

Q. You wanted a thousand pounds?—A. Well, we wanted to have a certain quantity of it, we did not know exactly how much, perhaps a thousand, two or five thousand pounds. We said to him: "The quantity that you will be able to let us have"—

Q. Wait a minute, there is quite a margin between one thousand and five thousand pounds. Did Mr. Gauthier and yourself mention first to Mr. Bernier the quantity of butter that you wanted or did Mr. Bernier ask you how much butter you wanted?—A. He asked us how much we wanted.

Q. And how much did you say you wanted?—A. We answered: The quantity that he could let us have.

Q. When did you mention a thousand pounds?—A. He said to us: "How much do you want? One, two, three thousand pounds?"—

Q. Did your partner or Mr. Bernier say that?—A. Mr. Bernier asked us how much we wanted.

Q. And what did you answer?—A. We said: "We do not know how much the quantity that you are able to let us have."

Q. You were ready to buy any quantity of butter?—A. We wanted any quantity, we had no idea—

Q. You were ready to accept all he could sell you?—A. Approximately 5,600 pounds.

Q. How did you arrive at the 5,600 pound figure instead of 1,000?—A. We could have said one thousand, two thousand, three thousand, even five thousand pounds. We did know the exact quantity. Perhaps we might not have been able to sell any of it, we did not know.

Q. Did you finally agree on the quantity?—A. Yes, five thousand pounds.

Q. Five thousand pounds or five thousand six hundred pounds?—A. Five thousand six hundred pounds, the number of boxes working out at that weight.

By Mr. Lesage:

Q. One hundred boxes of butter?—A. One hundred boxes of butter.

Q. One hundred boxes containing 56 pounds of butter each?—A. Yes.

Mr. Monet:

Q. Now, when you left Mr. Bernier's place that day, did you leave with the conviction that Mr. Bernier was going to sell you 5,600 pounds of butter?—A. He said he would give us an answer the following day.

Q. Had the price been mentioned?—A. Yes, sir.

Q. What was the selling price?—A. 69 cents.

Q. Did Mr. Bernier give you to understand that he could have sold the butter retail at a higher price than 69 cents a pound?—A. Well, I did not pay much attention to that, if the question did arise.

Q. Do you know that the retail price of butter at that time was 73 cents?—A. Butter is selling 72, 73 cents.

Q. Mr. Bernier did not mention that?—A. No.

Q. During your conversation that day it was never mentioned that Mr. Bernier could sell it for a higher price?—A. No.

Q. What reason did he give you the following day when he said he was ready to sell that butter to you?—A. He had spoken to Mr. Gauthier, he must have. I do not know exactly. Mr. Gauthier called me and said he had some butter. That means Mr. Bernier had called him and told him about it.

Q. Then you met Mr. Bèrnier afterwards?—A. No.

Q. And when was that butter paid for?—A. I believe Mr. Gauthier told me he had given a cheque—

Q. You do not know it personally?—A. I did not write the cheque myself.

By Mr. Lesage:

Q. You did not have any knowledge of the closing of the deal?—A. No, I was there with—

Q. Very well.

Mr. MONET: I have no further questions to ask the witness.

Mr. PINARD: Mr. Chairman will perhaps allow me to ask the witness another question.

Q. Did you yourself suggest that commercial advertisement or is it your partner?—A. We discussed it together. I do not know which one of us thought of it first. We were discussing it together.

Q. The idea must have come to one of you first or is it that the idea came to the mind of both of you at the same time?—A. Perhaps it is me, or Mr. Gauthier. I do not remember. We were discussing the business—

Q. Who started the discussion?—A. We spoke about it together.

By Mr. Beaudry:

Q. I believe we have no further questions to ask the witness, Mr. Chairman.

Mr. LESAGE: One more question only, if you please, Mr. Chairman.

Q. Were you aware of the fact that Mr. Gauthier had been in touch with *La Presse* in order to put on sale to the public the quantity of butter you had left?—A. If I was aware—will you please repeat your question?

Q. Were you aware of the fact that your partner, Mr. Gauthier, had been in touch with the newspaper *La Presse* in order to advertise the balance of butter you had on hand?—A. I believe I was, yes.

Q. You knew about it?—A. Yes sir.

Q. What was your asking price?—A. Well, the price was not mentioned, the market price.

Q. 72 or 73 cents?—A. The market price. I do not know what it is now. We paid 69 cents a pound. I do not know what price we would have been asking. We would not have sold it for the purpose of making money on it, because we do not make money on butter, ourselves.

Q. You said the market price is 72 cents?—A. Yes. It is 72 cents here, 73 cents elsewhere and 74 cents in other places.

By Mr. Pinard:

Q. Do you share your partner's opinion that this is not sound commercial practice?—A. Well, this is not sound commercial practice— but people who had no butter and could get some that day—

Q. No. It is not your opinion that it would be better in the public interest not to extend such practice to goods as scarce as butter?—A. May be.

Mr. MONET: That will be all, sir.

Mr. David Bernier, butter-man, is called.

By Mr. Monet:

Q. Please give us your Christian name, Mr. Bernier.—A. David Bernier.

Mr. BEAUDRY: Mr. Chairman, if you will allow me, may I point out the importance of noting in the record that Mr. Jean Drapeau seems also to be acting

on behalf of Mr. Bernier.

Q. Are you also representing Mr. Bernier, Mr. Drapeau?

Mr. DRAPEAU: Yes.

By Mr. Monet:

Q. Mr. David Bernier?—A. Yes.

Q. What is your address?—A. 2875 Laurier East.

Q. What is your occupation, Mr. Bernier?—A. I am a butter-man.

Q. Are you doing business under any registered trade name?—A. Jersey Brand Products.

Q. Are your business premises also located at 2875 Laurier East?—A. 2875 Laurier East.

Q. Mr. Bernier, how long have you been operating as a butter-man?—A. I have always been in that trade, since I was a very young man.

Q. You have considerable experience in butter?—A. Yes, I have always been in that trade.

Q. Mr. Bernier, if you can speak as loud as I do, I think everybody will understand you.—A. I will try.

Q. So, you have had considerable experience in the butter trade?—A. Yes, sir.

Q. And you are probably aware that a rather serious shortage of butter is experienced all over Canada and in Montreal specially?—A. Yes, sir.

Q. Since about three weeks.—A. Yes, and even longer than that.

Q. Maybe you were more fortunate than others. Have you a fair stock of butter on hand now, Mr. Bernier?—A. No, it is not a large quantity. I have about, with the quantities I received since this week, six or seven thousand pounds of butter; I don't know exactly.

Q. Where do you get your butter usually?—A. Usually I have it on hand.

Q. I see, but you buy it somewhere?—A. Oh, that comes from all the creameries; it is bought by the storage plants, then there are the companies which buy and resell to us...

Q. Then you only buy butter, you do not manufacture it?—A. I do not manufacture it.

Q. You buy and store butter and you resell it?—A. Yes, sir.

Q. Do you sell it retail or wholesale or to grocers?—A. I don't sell much to grocers.

Q. Then to whom do you sell?—A. To Canada Packers for instance, to Mr. Martin, of Granby.

Q. Do you sell directly to consumers?—A. Yes, I sell directly to consumers.

Q. Will you tell us what price you asked during the week of, say, March 20 to 25, and more particularly on March 26, 1948, for butter you sold yourself to consumers?—A. By the box, the price is 69 cents.

Q. By the box, is that the price to consumers?—A. No, it is wholesale. The price to consumers is 73 cents.

Q. Then my question is: What price to consumers?—A. The answer is 73 cents.

Q. On March 26 in particular?—A. Yes, on March 26.

Q. 73 cents?—A. Yes.

Q. Since that date, do you sell butter at 73 cents to consumers?—A. Yes. 73 cents to consumers.

By Mr. Lesage:

Q. Do you retail it over the counter?—A. Well, many people get it by the pound at our place.

Q. At your place?—A. Yes, sir.

By Mr. Monet:

Q. Is it not a fact, Mr. Bernier, that since the middle of March, you had no difficulty in selling your butter at 73 cents over the counter to consumers at your place?—A. Yes. Well, I did not retail much; I would not have been able to sell the whole quantity to consumers. I sell largely to wholesalers like Canada Packers. Wilsils bought from me some time ago.

Q. Now, Mr. Bernier, in view of the butter shortage experienced in Montreal, do you suggest that since, say, March 15 up to now, you would have experienced difficulty retailing at 73 cents over the counter, all the butter you had in stock?—A. Had that been known, I think every pound of butter would have been sold.

Q. What do you mean by that?—A. Well, if the firm had been known.

Q. When you say the firm, you mean your own?—A. Yes, but it is unknown.

By Mr. Lesage:

Q. You are not known as retailers?—A. No.

Q. You retail in a small way to friends only?—A. Yes, sir.

By Mr. Monet:

Q. Is it not true that you could have sold your butter to consumers since the first of March?—A. Yes, sir.

Q. You could have done so?—A. Yes, sir.

The CHAIRMAN: Not all.

By Mr. Monet:

Q. Not all your butter?—A. No, I have contracts with customers whom I promised to supply.

Mr. FLEMING: Will you please speak louder?

The WITNESS: I have customers whom I promised to supply the year round; therefore, I must always have some butter.

By Mr. Monet:

Q. Then, you must hold a quantity of butter for your regular customers, is that it?—A. Yes, that is it.

Q. From March 15 on particularly you had, I suppose, to hold more butter than ever to fill the requirements of your regular customers?—A. Yes, sir.

Q. On account of the present scarcity?—A. Yes, sir.

Q. Now, can you explain to the members of the committee, taking your evidence as you gave it just now, how it happened, in view of your need of all the butter you had in hand for your regular customers, you sold—and we know it for a fact—5,600 pounds of butter to Messrs. Pelchat and Gauthier from March 26 to March 31?—A. I had much more butter than I have today.

Q. So, on March 26, you say you had much more butter than today?—A. Yes, I had much more than today.

Q. What were your holdings of butter in storage or elsewhere on March 26?—A. In addition to the sales, if I remember well I had 10,400 odd pounds.

The CHAIRMAN: In June?

Mr. BEAUDRY: No, on March 26. Mr. Chairman, may I ask a question?

The CHAIRMAN: Yes, Mr. Beaudry.

By Mr. Beaudry:

Q. On March 26, you say you had 10,400 pounds of butter in storage?—A. There may have been many more than that on March 26, but on March 31, the last day of the month, I submit regularly a statement to the Government, you see. So I knew what I had exactly—

Q. Let us not discuss over a thousand pounds. Had you some 10,000 pounds of butter available for sale on March 26?—A. Yes, sir.

Q. That is the total quantity you had at that time?—A. Over and above the 5,600 pounds.

Q. Wait a minute, they had not been sold on March 26.—A. You see, I have the quantities on March 31, so —

Q. So, shall we say you had 15,000 pounds of butter at your place on March 26?—A. Yes, I had, and more.

Q. Would you prefer a higher figure?—A. I must have had between 17,000 and 18,000 pounds.

Q. Can we say you had 18,000 pounds of butter?—A. Yes, I had 18,000 pounds of butter.

Q. At your place on March 26?—A. Yes, sir.

Q. At the time Messrs. Gauthier and Pelchat met you to purchase butter, you had on hand 18,000 pounds,—A. Yes, sir.

Q. Were you worried how the butter could be disposed of in the trade?—A. No.

Q. Were you convinced that if many had 18,000 pounds of butter like you they could be sold currently?—A. Yes, sir.

By Mr. Monet:

Q. Then, following up the questions asked by Mr. Beaudry, you were not worried how your butter could be sold?—A. No, because the companies could have purchased the whole quantity the same day.

Q. Then, you had no apprehension you might have difficulty selling it to your regular customers?—A. You are right, I was not worried.

Q. Will you please give an account of your talk with Messrs. Pelchat and Gauthier at your home? Messrs. Pelchat and Gauthier are supposed to have called at your place on March 26, are they not, to talk about a quantity of butter they wanted to purchase?—A.—

By Mr. Lesage:

Q. First of all, did they meet you at your home that night they saw you?—A. No, in my office downstairs; my home is on the second floor. I went down to my office where we had a talk.

By Mr. Monet:

Q. You discussed the deal in your office?—A. Yes, sir.

Q. You are sure it was not in your home?—A. I am sure it was not at my home.

Q. Then, will you be kind enough to tell the members of the committee what happened, what those gentlemen asked you, and what you did? I understand butter was discussed?—A. Yes, they came to purchase butter.

Q. You knew Mr. Gauthier?—A. Yes, sir, I have known him for many years.

Q. You knew he was a jeweller?—A. Yes, sir.

Q. You did not know them as butter dealers?—A. No, sir.

Q. Will you tell us then what happened?—A. They came to look at one hundred boxes of butter and, after some thought, told me the idea was to give a pound of butter as a premium with each \$5-purchase. As far as I knew, they meant a pound of butter per customer, which I found a little too much, but I did not know anything more about it.

Q. You said "as far as you knew". I understand you had no say in the way Messrs. Pelchat and Gauthier were going to dispose of their butter?—A. No, I learned about it that evening.

Q. But, you say they asked you for one hundred boxes of butter. are you sure they asked you for one hundred boxes of butter or was it less? Was there a discussion about the quantity of butter?—A. Oh! well, the question was brought up, they started with,—I cannot say how many boxes,—25 or 30 boxes, and then they said: "We shall take the quantity we need now".

Q. But, something must have been said: "We shall take the quantity we need now?"—A. They said: "We shall take as much as we can give, as much as we expect to be able to give.

Mr. BEAUDRY: Would there be any objection, Mr. Chairman, to the witness giving us right off the bat, as it were, the whole story about the transaction?

Mr. MONET: Very well, tell us everything that happened, Mr. Bernier.

Mr. LESAGE: In detail.

The WITNESS: Well, around 9 or 9.30, they came home, they asked me at the office, they phoned and asked me if I could let them have some butter. I asked them, then, what they intended doing and they said they wanted to give it away: "We wish to advertise by giving one pound of butter with every purchase of \$5." Then I asked them what quantity they wanted; of course, they started with 25 or 30 boxes, then it was Mr. Pelchat, I believe, who said: "We might as well take a large quantity right now, 5,600 pounds, that is one hundred boxes."

By Mr. Pinard:

Q. "A large quantity", do you mean as much as you could give them?—A. Well, "As we expect to be able to give away."

Q. Then?

Mr. BEAUDRY: Go on.

The WITNESS: And then, they wanted to buy butter in hundred pound solids; now, my boxes contained 56 pounds, then after having figured one hundred boxes we had 5,600 pounds.

By Mr. Lesage:

Q. Your butter was in solids?—A. Yes in solids.

Q. What were the conditions then?—A. Well, they got it at the regular price of 69 cents a pound.

Q. How was it paid?—A. What were the terms of the sale; well, it was cash at the time they called for the butter, as soon as the butter was bought. I met them only the following day around ten o'clock and I said: "I will give you an answer tomorrow at about ten o'clock".

(In English)

Mr. THATCHER: Excuse me, did the witness say the price was 69 cents?

Mr. MONET: Sixty-nine, yes.

(Translation)

By Mr. Beaudry:

Q. So the next day, you said to Mr. Pelchat and Mr. Gauthier: "All right, I shall sell you 5,600 pounds of butter?"—A. Yes, sir.

Q. And you told them that you were ready to sell it to them cash?—A. Yes, sir.

Q. Did they say that they would take delivery immediately and did they pay you?—A. No, sir, they could not take delivery of 5,600 pounds of butter.

Q. What did they say then?—A. They said: "We shall leave it at the butter factory and, we shall come and get it accordingly as we require it."

Q. Now, did they pay you cash as they came to get it or— —A. No, they gave me the whole cheque, the day they came to get the butter, they gave me a cheque for \$3,864—

By Mr. Pinard:

Q. That you cashed?—A. No, I did not cash it.

Q. Why?—A. Mr. Pelchat, asked me if I could wait two or three days before I cashed it.

Q. Why?—A. I do not know.

Q. They did not give you any reason?—A. No.

By Mr. Beaudry:

Q. They gave you a cheque for \$3,864?—A. Yes, they gave me a cheque for \$3,864.

Q. And you figured that you had been paid cash?—A. Yes, sir.

Q. And then they were supposed to go and get their butter at the warehouse?—A. Yes, sir.

Q. Accordingly as they needed it?—A. Yes, accordingly as they needed it.

Q. You did not cash the cheque immediately, at the request of Mr. Pelchat who asked you to delay for a little while?—A. Yes, sir.

Q. And at the time, you did not object to their delaying the payment of the butter in this way?—A. No, sir, I knew how in business there are considerations— And then when one knows people— I would not have accepted a cheque in this way from people whom I did not know. If the cheque had been accepted, it would have been all right; otherwise, no.

Q. When did you deliver the butter then?—A. I delivered the butter on Wednesday morning: 4 boxes of butter.

Q. That is 4 or 5 days later, if we figure from the Friday or Saturday?—A. The 31st.

Q. You delivered, you say, four boxes of butter?—A. Yes, sir, and that is when they gave me the cheque for \$3,864.

Q. The butter was delivered on March 31?—A. Yes, on March 31.

Q. And the following day, did something turn occur up between you and Mr. Gauthier or perhaps the very evening of the 31st?—A. The very evening of the 31st—

Q. When did you find out that the butter that Mr. Gauthier and Mr. Pelchat had ordered from you would not be required by them?

The WITNESS: Would not be—

By Mr. Beaudry:

Q. Required by them, that is that they would not need it, that they did not want to take delivery of the 5,400 pounds of butter which would remain at your place?—A. On April 5.

Q. You had not cashed the cheque yet?—A. No, but I knew I was going to get it back that. I was expecting it.

Q. You were expecting them to give back that butter, but they had not stated the fact to you?—A. I was expecting that, but they did not mention it to me.

Q. You suspected it yourself because the sale had been stopped?—A. Exactly.

By Mr. Lesage:

Q. On account of the sale being stopped by the Prices Board?—A. Yes. I said: "They don't need 100 boxes of butter."

By Mr. Beaudry:

Q. Then, the sale was stopped on April 1 or 2?—A. Yes, I think so; two days later.

Q. On Thursday or Friday, you had cause to believe that they would not need that butter?—A. Yes, sir.

Q. Did they notify you at the time? Did they notify you the next day?—A. Yes, they told me: "We will wait and see for a little while; the sale is discontinued", but they did not mention handing back the butter. The next Monday they told me: "You can take back your butter."

Q. So, on that Friday, you thought they would not need the 5,400 pounds of butter?—A. On Friday?

Q. Yes, two days after the delivery on March 31, which was a Wednesday?—A. After the news was published in the press.

Q. You thought they would not take the 5,400 pounds of butter?—A. Exactly.

Q. Did you try to discover what they wanted to do with such a quantity?—A. No.

By Mr. Lesage:

Q. Did they get in touch with you between March 31 and April 5, when they handed back the 5,400 pounds?—A. No. They may have called at my home, but they did not get in touch with me personally.

By Mr. Beaudry:

Q. As a butter-man you knew, on that Friday, that there was little or no butter in Montreal, that the stores were short of that commodity?—A. There was little of it.

Q. You knew that Messrs. Pelchat and Gauthier held 5,400 pounds in storage?—A. Yes, sir.

Q. At that time you had good reasons to believe that they would not use that butter?—A. Well, there—

Q. Well, that is what you have just said.—A. I was expecting Mr. Pelchat and Mr. Gauthier. I was waiting for them to come and tell me what to do.

Q. But you knew that butter was scarce and many people needed some, were looking for some. Yet you did not then give yourself the trouble of asking Mr. Pelchat and Mr. Gauthier what they intended to do with that butter?—A. Well, it would not have been distributed more quickly if I had gone and asked them.

Q. You held it in stock in your establishment?—A. Yes, I had it in stock in my establishment.

Q. Would not that butter have been distributed more speedily if you had known on Friday morning instead of Monday that it was available for the market?—A. I could not tell you, because I sold quite a lot.

Q. But, reasonably?—A. I could sell the whole of it the same day, but we refrained from doing so.

Q. From the consumer's point of view, would it not have been better for the butter market in Montreal if you had known on Friday rather than the following Monday, that you had 5,400 pounds of butter to put on the market?—A. I would not have sold it out right away.

Q. What would you have done with it?—A. I would have sold it in small quantities just like other companies are doing now when they have butter on hand.

Q. While this butter was kept in storage and credited to Gauthier and Pelchat, did you refuse to sell to individuals or persons or companies asking for butter?—A. Yes, I refused every day.

Q. You refused while you were keeping that butter in storage for Messrs Pelchat and Gauthier?—A. I refuse to sell some every day because I must keep a certain quantity in stock and I was waiting for them to tell me to take it back.

Q. You are aware that by refusing to take it back then, if you had, and by the fact that you kept butter in storage for people who were not butter dealers, your conduct was detrimental to consumers?—A. You see, I had some more at home which I sold, but that lot I could have distributed it all—

Q. Then it was detrimental to consumers to keep that butter in stock for jewellers?—A. Yes. But something else must be considered when it comes to the matter of butter distribution and you will understand—You take next week for example. Perhaps the scarcity of butter will be greater than this week. If none at all is available—Would it be better to sell all there is the same week? Considering there is a ceiling on butter, we kept it and we sell it at the ceiling price. We could have sold it right away as well.

By Mr. Lesage:

Q. Then, Mr. Bernier, if I get it right you, a butter holder, considered that you had some obligation towards the consumer to keep enough butter in stock and sell it in small quantities in order to make it last until production resumes its normal course. You were not doing that because you were afraid you would be unable to sell your butter, I mean you could easily get rid of it?—A. Yes. We could get rid of it right away.

Q. Because you were receiving at that time the same price as you are getting now, and you were not obliged to store it; then you could have disposed of it right away, and that would have been to your advantage?—A. Certainly.

By Mr. Beaudry:

Q. Now, did that sale of 5,600 pounds of butter to jewellers not appear to you to be a strange occurrence?—A. There is something else there, that is that in my own mind, I thought: "It will be distributed to many persons, because there is a pound of butter for every purchase." Personally, I did not think the \$5.00 sale was made directly.

Q. You should have been aware that you were doing those people a great favour by selling to them at the wholesale price, when you could have sold it yourself at the retail price?—A. Yes, it is out of consideration.

Q. What were those considerations for which you were doing that?—A. I had known Mr. Gauthier for a long time, I knew his father—

Q. Besides the friendship considerations, were there any other considerations?—A. No, no other considerations.

By Mr. Lesage:

Q. Was the sale made firm or conditional?

The WITNESS: I beg your pardon?

By Mr. Lesage:

Q. Was it a firm sale? Did you sell 5,600 pounds of butter payable by cheque or was it considered at the time of the sale that this butter might come back?—A. No, it was not considered at the time of the sale that this butter might come back.

Q. It was a final sale of 5,600 pounds of butter payable in cash on delivery, and if you waited four or five days to cash the cheque, it was because you were asked to defer the cashing of same?—A. Had all the butter been distributed at the rate of one pound per \$5.00 purchase, I would not have been—

Q. No, I am asking you whether it was a firm sale, a final sale, or a conditional sale?—A. As far as I am concerned, it was final, but—

Mr. DRAPEAU: Let him finish his answer.

The CHAIRMAN: Mr. Drapeau please. You understand the procedure—

By Mr. Lesage:

Q. You never told Mr. Pelchat or Mr. Gauthier that you would reimburse them for any quantity of butter that they could not dispose of in this way?—A. No, sir.

Q. At the end of any period?—A. No.

By Mr. Pinard:

Q. And if that point has been taken into consideration, it was only in the minds of the two buyers and they have not spoken to you about it?—A. They have not said a word to me.

Q. Not even at the time of the sale?—A. No.

By Mr. Beaudry:

Q. Your part in the deal consisted only in selling about the third of the butter you had at the time to jewellers and you did not ask yourself whether the butter would be distributed or not when you sold it?—A. If it had been distributed by—

Q. But at that moment you did not know whether it would all be distributed and you did not pause to think that you took it away from your customers?—A. If—

The CHAIRMAN: One at a time, gentlemen.

By Mr. Beaudry:

Q. You diverted from your regular market approximately one-third of the butter you had stored up in order to give it to jewellers with the thought that perhaps they would distribute it, whereas there was a possibility that they would not distribute it at all, and the best proof is that they have not distributed that butter.—A. Well, that makes no difference since I would not have sold it anyway, since I still have some.

Q. Had you sold it to the stores, at least 5,600 Montreal consumers would have had some for the next day or even for three days— —A. Maybe so.

Q. There is no maybe, this is more than probable. So, if that butter had been sold, they could have bought a pound— —A. This is stepping into a new field—

The CHAIRMAN: It is six o'clock.

Mr. BEAUDRY: Mr. Chairman, there are not so many questions left, we would probably be through within ten minutes.

Mr. PINARD: Certainly.

(SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

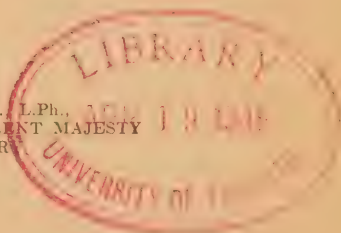
No. 34

FRIDAY, APRIL 9, 1948

WITNESS:

Mr. David Bernier, Butter-man, Jersey Brand Products, Montreal, Que.
Mr. D. M. Warner, President, The Borden Company, Limited, Toronto, Ont.
Mr. E. W. Charde, Regional Accountant, The Borden Company, Limited, Toronto, Ont.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948



MINUTES OF PROCEEDINGS

FRIDAY, April 9, 1948.

The Special Committee on Prices met at 11.00 a.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Fleming, Irvine, Johnston, Thatcher, Martin, Maybank, Mayhew, Winters.

Mr. Fabio Monet, K.C., Counsel to the Committee, in attendance.

Mr. David Bernier, Butter-man, Montreal, was recalled and further examined.

Witness retired.

NOTE: Translation of Mr. Bernier's evidence given in French appears in Appendix to this day's evidence.

Mr. M. D. Warner, President, and Mr. E. W. Charde, Regional Accountant, The Borden Company, Limited, Toronto, were called, sworn and examined.

Mr. Warner filed,

Exhibit No. 73—Copy of brief with attached statements identified as Exhibits 1, 2, 3 and 4. (*Printed in this day's evidence*).

Exhibit No. 74—Statements submitted by The Borden Company, Limited, in answer to questionnaire sent out by Counsel. (*Printed in this day's evidence*).

Mr. Maybank took the Chair during the temporary absence of the Chairman.

At 12.45 witnesses discharged and the Committee adjourned to go into Executive Session, and to resume its public sessions on Monday, April 12, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
April 9, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Chairman, Hon. Paul Martin, presided.

The CHAIRMAN: All right, Mr. Monet. Are there any members of the committee who wish to ask any question?

(NOTE: *English translation of Mr. Bernier's evidence is printed in Appendix to this day's Evidence.*)

M. David Bernier, beurrier, est rappelé:

Le PRÉSIDENT: Monsieur Fleming, vous n'avez pas de question? Avez-vous des questions à poser, monsieur Thatcher?

M. Fleming:

Où sont les membres de langue française?

Le PRÉSIDENT: Ils ont bien travaillé hier, ils ont déployé une énergie formidable.

Me Monet:

D. Monsieur Bernier, quand l'achat du beurre a été fait par M. Gauthier, est-ce qu'il a été convenu entre vous et eux que cette vente-là était faite sous conditions, en d'autres termes, c'est-à-dire que s'ils ne pouvaient pas disposer du beurre qu'ils avaient acheté chez vous, vous le reprendriez?—R. Non, monsieur.

D. Il n'a pas été question de cela du tout?—R. Non, monsieur.

D. Alors, quand ils vous ont revu après avoir cessé de donner du beurre en prime, qu'est-ce qui c'est dit entre vous et eux au sujet de l'annulation du contrat de vente?—R. Ils m'ont demandé si je reprendrais le beurre et j'ai dit oui.

D. Et c'est là qu'ils vous ont payé pour le montant du beurre qu'ils avaient effectivement reçu?—R. Je leur ai remis le chèque qu'ils m'avaient donné, au montant de \$3,864.

D. Alors, monsieur Bernier, il n'a pas été question, lorsque la vente a été faite, que vous reprendriez du beurre s'ils ne pouvaient pas en disposer; ils vous ont tout de même demandé de ne pas passer le chèque à la banque?—R. Oui monsieur.

D. Pourquoi vous ont-ils demandé de ne pas passer le chèque à la banque?—R. Probablement.

D. Non, pas probablement.—R. Je ne le sais pas. Ils m'ont demandé d'attendre deux ou trois jours pour le passer à la banque.

D. Comment vous ont-ils demandé d'attendre. C'est une pratique assez rare dans votre commerce, d'attendre?—R. Cela arrive.

D. Cela est arrivé, mais est-ce arrivé pour un montant aussi considérable que celui-là?—R. Pas souvent, mais c'est arrivé.

D. Vous ne leur avez pas demandé pourquoi ils vous demandaient d'attendre?—R. Je ne leur ai pas demandé.

D. Vous n'avez pas posé de question à ce sujet-là du tout?—R. Non, monsieur.

D. Vous avez reçu un chèque de \$3,864 et il vous ont demandé de ne pas l'encaisser, et vous n'avez pas posé de question?—R. Non, monsieur.

D. Est-ce que c'est votre pratique habituelle de faire ce genre de transaction?—R. Pour garder un chèque sans le déposer?

D. Oui.—R. Non, monsieur.

D. C'était la première fois que cela arrivait pour un chèque assez considérable?—R. Non, monsieur.

D. Pouvez-vous nous donner d'autres cas où la chose est arrivée?—R. Bien, j'ai mon frère qui acheté du beurre de moi.

D. Quand cela?—R. L'automne dernier.

D. Etait-ce pour un gros montant?—R. Un montant de six ou sept mille dollars.

D. C'était votre frère?—R. Oui, monsieur.

D. Est-ce qu'il est dans le commerce du beurre?—R. Oui, monsieur.

M. FLEMING: Plus fort s'il-vous-plaît.

Me MONET: C'est tout, je n'ai pas d'autre question.

The CHAIRMAN: Are there any other questions? That is all. Next witness.

Mr. MONET: Mr. Warner, please.

Matthew D. Warner, President, The Borden Company, Limited, called and sworn.

Earl W. Charde, Regional Accountant, The Borden Company, Limited, called and sworn.

Mr. MONET: Mr. Warner, will you give us your full name please?

Mr. WARNER: Matthew Warner.

Mr. MONET: Your occupation.

Mr. WARNER: President of The Borden Company.

Mr. MONET: Would you tell the members of the committee where the head office of the Borden Company is situated?

Mr. WARNER: Spadina Crescent, Toronto.

Mr. MONET: Would you also tell the members of the committee if the Borden Company Limited is a subsidiary of the Borden Company in the United States.

Mr. WARNER: The Borden Company Limited is a wholly owned subsidiary of the Borden Company in the United States.

Mr. MONET: Mr. Charde, would you give us your full name?

Mr. CHARDE: Earl W. Charde.

Mr. MONET: Your address?

Mr. CHARDE: 205 Lawrence Avenue East, Toronto.

Mr. MONET: Your occupation?

Mr. CHARDE: Regional Accountant.

Mr. MONET: Of the—

Mr. CHARDE: The Borden Company, Limited.

Mr. MONET: Mr. Warner, I understand you have prepared a brief to which has been attached certain information which you have listed as exhibit 1, exhibit 1-supplement, exhibit 2, exhibit 2-supplement, exhibit 3 and exhibit 4.

Mr. WARNER: Correct.

Mr. MONET: After Mr. Warner has read his brief no doubt there will be some questions asked on it and on these documents attached to it, to which I have just referred, listed as exhibits 1, 2, 3, and 4. Therefore, I would like both his statement and these exhibits to be filed as exhibit No. 73. There is a copy for each member of the committee.

EXHIBIT No. 73: Brief by Mr. Warner and documents attached.

Now Mr. Warner, would you please read to the members of the committee the statement you have prepared.

Mr. WARNER: It may be of some assistance to your Committee that The Borden Company, Limited does not operate separate departments, either retail or wholesale, nor does it operate creameries as such. Practically all butter (98 per cent) sold by our company is distributed by our milk routes by the Fluid Milk Department. The functions of this department include the processing of milk products and their sale and distribution along with other items such as butter and eggs which for the most part are purchased for resale.

The relative extent of our butter operations is indicated by the fact that sales of this product represented approximately four per cent of the total sales units handled by our Fluid Milk Department in 1947. In the same year our sales to wholesale customers averaged about seven and one-half pounds per week and to our retail customers less than one-third pound per week. Despite these inconsiderable sales of butter from our milk routes expressed in terms of averages, it is a necessary accommodation expected generally by our customers. Our total sales in 1947 were 4,437,000 pounds, representing $1\frac{1}{4}$ per cent of the total Canadian production.

Our butter sales for the most part (98 per cent) are delivered from our routes, along with all other products. It will be evident, therefore that any attempt to arrive at a net profit on a pound of butter must include some arbitrary proration of the costs of selling, delivery, etc. For our purpose we prorate these costs on a per point basis (a point is a quart of milk, $\frac{1}{2}$ pint of cream, dozen eggs, pound of butter, etc). This proration, which at least has the merit of comparison has been used by us for years and we have applied the same method in our submissions to your Committee.

Ordinarily we only prepare earning statements of individual products sold by the Fluid Milk Department for the months of March, July and November each year. We have, however, for the use of your Committee prepared and submitted statements reflecting our butter operations and results for each of the months during 1940, 1946, 1947 and January and February, 1948.

A review of this information will indicate our net results to have been—
in 1940 a net profit before taxes of .79 cents per pound; in 1946 a net loss of .95 cents per pound; and in 1947 a net loss of .13 cents per pound.

Expressed in terms of a sales unit or point, the total over-all earnings of the Fluid Milk Department during each of these years was—

in 1940 a net profit of .35 cents per unit; in 1946 a net profit of .25 cents per unit; and in 1947 a net profit of .20 cents per unit.

As stated, we do not operate separate creameries. We manufacture butter at Ottawa in conjunction with and as part of our Fluid Milk Department. Such butter as may be manufactured at other locations is inconsequential and merely represents a logical disposition of butterfat at such times as it is not otherwise required or adaptable. Eighty per cent of our butter requirements are purchased from outside sources.

That means we manufacture 20 per cent.

As is customary, we, too, purchase butter during the flush manufacturing period to provide for our requirements during the period of shortage. These purchases are made only with a view to our own regular sales requirements and do not have any speculative intent other than may be attached to a practice which has been inherent in the butter business as long as we can remember. The purchases of butter for storage in 1947 were not unusual in this respect nor were they more or less than a careful analysis of our regular requirements dictated. They represented approximately 18 per cent of our yearly sales requirements. Our total inventories of butter December 31, 1947, amounted to 12.8 per cent of that year's sales requirements as compared with 11.8 per cent on the same date 1946. The average of the December 31 inventories in the years 1939-1940-1943 and 1944 was 15.6 per cent of the applicable sales.

Mr. FLEMING: May I interrupt? Is that figure correct, 1939-1940-1943?

Mr. MAYBANK: 1939 and 1940.

Mr. CHARDE: It is four individual years, 1939, 1940, 1943 and 1944.

Mr. MAYBANK: You have deliberately skipped a couple of years.

Mr. MONET: Those are the years that were asked for by counsel.

Mr. FLEMING: I wondered if there was a misprint there.

In our opinion, based on our own experience, butter is an item which contributes towards our over-all costs but rarely does it do more. This is especially true when consideration is given to the fact that practically all our butter sales are delivered to the customer's door.

While our 1947 butter operations benefited from increasing market values nevertheless even this advantage did not provide a net profit from this source over the twelve month's period.

This brief review is intended to acquaint your Committee with the extent of our butter operations and their relationship to the Canadian butter situation as a whole. Generally our current price of butter is related to the established and published market quotations. Our hopeful interest over the years has been to have a sufficient margin over our cost of butter to take care of our cost of handling the product.

We have supplied your Committee with all the applicable information requested and, in addition, certain other schedules and data which we trust will be helpful.

We are at your service for such other particulars as you may require.

Sales			Cost of sales		Gross margin		Delivery, selling, and other expenses**		Net margin	
Lbs.	Value	Unit	Value	Unit	Value	Unit	Value	Unit	Value	Unit
1946										
Month—										
January.....	333,648	4022	123,611	3705	10,596	0317	13,079	0392	(2,482)	(0075)
February.....	291,546	3997	110,406	3787	6,117	0210	11,478	0392	(5,311)	(0182)
March.....	82,526	4005	79,326	3849	3,199	0156	8,078	0392	(4,878)	(0236)
April.....	194,073	4365	70,844	4101	5,152	0264	7,632	0392	(2,479)	(0128)
May.....	109,761	4369	101,072	4023	8,088	0346	9,847	0392	(1,158)	(0046)
June.....	268,493	4351	105,293	3922	11,516	0429	10,524	0392	991	0037
July.....	291,800	4347	115,200	3958	11,333	0389	11,438	0392	(104)	(0003)
August.....	355,366	4413	143,042	4025	13,771	0388	13,930	0392	(158)	(0004)
September.....	333,966	4387	135,513	4058	10,998	0329	13,091	0392	(2,093)	(0063)
October.....	361,077	4411	147,620	4088	11,649	0323	14,549	0392	(2,505)	(0069)
November.....	364,857	4383	151,501	4151	8,410	0231	14,302	0392	(8,892)	(0161)
December.....	366,594	4393	154,890	4225	6,139	0168	14,370	0392	(8,231)	(0224)
	3,619,333	4297	1,447,626	4000	107,573	0297	141,877	0392	(34,304)	(0095)
1947										
Month—										
January.....	378,687	4376	160,080	4227	5,628	0149	16,965	0448	(11,356)	(0299)
February.....	353,732	4385	151,579	4285	3,529	0100	15,847	0448	(12,317)	(0348)
March.....	402,946	4403	172,271	4283	4,841	0120	18,070	0448	(13,178)	(0328)
April.....	447,557	4394	190,662	4260	5,894	0134	20,060	0448	(14,655)	(0314)
May.....	353,787	4359	174,134	4922	15,463	0437	15,849	0448	(3,856)	(0011)
June.....	359,968	4383	181,563	5044	12,192	0339	16,126	0448	(3,934)	(0109)
July.....	349,669	4575	176,415	5048	14,926	0427	14,926	0448	(729)	(0021)
August.....	372,699	4589	195,689	5251	23,034	0618	16,696	0448	6,338	0170
September.....	355,604	4446	198,147	5572	31,067	0874	15,136	0426	15,136	0426
October.....	356,806	4328	201,739	5653	24,103	0675	15,988	0448	8,114	0227
November.....	342,516	4408	197,844	5776	21,040	0632	15,344	0448	6,295	0184
December.....	363,595	4880	219,652	6041	30,519	0839	16,259	0448	14,230	0391
	4,436,756	5438	2,219,770	5003	192,942	0435	198,765	0448	(5,824)	(0013)
1948										
January.....	308,540	7170	195,807	6346	25,414	0824	13,822	*0448	11,591	0376
February.....	321,358	7050	213,606	6647	12,954	0403	14,306	*0448	(1,442)	(0045)

** Average for year.
 * 1947 Delivery, etc., costs.

THE BORDEN COMPANY, LIMITED

FLUID MILK DEPARTMENT

Butter Operations 1946-1947-January and February 1948.

Month	On hand beginning of month			Purchases and production			Sub-total		Transfers		On hand end of month			Cost of sales		
	Lbs.	Value	Unit	Lbs.	Value	Unit	Lbs.	Value	Lbs.	Value	Unit	Lbs.	Value	Unit	Value	Unit
1946																
January.....	413,918	149,129	3603	170,351	67,334	3953	584,269	216,463	6,841	2,534	3705	243,789	333,648	123,611	3705	
February.....	243,789	90,317	3705	205,037	79,647	3885	448,817	169,064	5,008	1,896	3787	152,263	201,516	110,406	3787	
March.....	152,263	57,661	3787	123,513	48,497	3926	275,776	106,158	3,305	1,272	3849	66,398	206,072	73,326	3849	
April.....	66,398	25,559	3849	187,664	78,625	4190	254,062	104,184	5,005	2,032	4101	54,350	194,701	73,844	4101	
May.....	54,350	22,287	4101	369,928	148,420	4012	424,278	170,707	6,502	2,616	4023	166,570	251,296	101,073	4023	
June.....	166,570	67,019	4023	671,890	261,784	3886	838,460	328,813	8,241	3,231	3922	561,726	288,493	105,203	3922	
July.....	561,726	220,288	3922	671,890	261,784	3886	1,024,333	405,451	8,311	3,311	3958	711,536	291,800	115,500	3958	
August.....	711,536	281,640	3958	490,057	202,026	4123	1,201,393	483,666	11,528	4,640	4025	835,925	339,190	135,386	4025	
September.....	835,925	339,190	4058	347,259	143,680	4136	1,181,958	479,611	12,067	4,806	4058	333,966	143,042	135,515	4058	
October.....	811,036	331,579	4058	348,121	144,880	4162	1,184,046	488,079	11,933	4,878	4088	811,036	361,077	147,620	4088	
November.....	639,468	265,530	4152	212,639	93,612	4396	1,023,975	425,191	19,630	8,159	4152	639,468	364,557	151,501	4152	
December.....				164,813	74,289	4507	804,281	339,819	10,335	4,366	4225	427,352	366,594	154,890	4225	
				3,754,179	1,527,915	4070			121,412	48,855	3036			1,619,333	1,447,626	4000
1947																
January.....	427,352	180,561	4225	444,413	187,954	4229	871,765	368,515	8,831	3,733	4227	484,247	378,687	160,080	4227	
February.....	484,247	204,702	4227	208,148	91,988	4420	692,395	296,700	6,020	2,579	4285	332,643	353,732	151,579	4285	
March.....	332,643	142,542	4285	242,226	103,659	4279	574,869	246,201	8,535	3,655	4283	164,088	402,246	172,271	4283	
April.....	164,088	70,274	4283	368,706	156,699	4250	532,794	226,973	10,742	4,576	4260	74,495	447,557	190,662	4260	
May.....	74,495	31,735	4260	404,114	203,837	5044	478,609	235,752	9,497	4,074	4922	115,325	353,787	174,134	4922	
June.....	115,325	56,763	4922	814,458	412,209	5061	929,783	468,972	11,124	5,010	5044	558,691	359,968	181,563	5044	
July.....	558,691	281,797	5044	568,143	287,039	5052	1,126,834	568,836	26,096	13,173	5048	751,269	349,469	176,415	5048	
August.....	751,269	379,247	5048	490,577	272,795	5561	1,241,846	652,042	36,498	19,163	5251	832,649	372,699	195,689	5251	
September.....	832,649	437,190	5251	549,326	332,867	6080	1,381,975	770,057	28,098	18,900	5572	910,237	437,190	219,552	5572	
October.....	910,237	562,919	5572	294,508	174,604	5929	1,304,745	737,523	31,788	17,968	5653	1,016,061	355,604	198,147	5653	
November.....	516,011	517,814	5653	209,451	132,272	6315	1,123,512	650,086	35,768	20,559	5776	747,228	342,516	197,834	5776	
December.....				200,331	140,841	7030	947,559	572,433	15,705	9,487	6041	568,259	363,595	219,652	6041	
				4,794,401	2,406,774				216,738	114,272				4,436,756	2,219,770	5003
1948																
January.....	568,259	343,293	6041	214,288	153,331	7155	782,546	496,624	24,733	15,096	6346	449,273	308,540	195,807	6346	
February.....		285,120	6346	239,134	172,464	7212	688,407	457,584	13,086	8,098	6647	333,963	321,358	213,606	6647	

THE BORDEN COMPANY, LIMITED

FLUID MILK DEPARTMENT

Butter Operations 1940

PRICES

1669

	Sales			Cost of sales		Gross margin		Delivery, selling, and other expenses*		Net margin	
	Lbs.	Value	Unit	Value	Unit	Value	Unit	Value	Unit	Value	Unit
1940											
Month—											
January.....	267,028	83,316	-.3120	70,224	-.2630	13,091	-.0490	7,583	-.0284	5,507	-.0206
February.....	285,099	87,750	-.3078	77,973	-.2735	9,776	-.0343	8,096	-.0284	1,679	-.0059
March.....	304,018	95,689	-.3147	86,642	-.2850	9,046	-.0207	8,634	-.0284	412	-.0013
April.....	270,159	83,261	-.3082	74,980	-.2775	8,280	-.0307	7,672	-.0284	607	-.0023
May.....	278,887	76,174	-.2731	70,411	-.2525	5,762	-.0206	7,920	-.0284	(2,157)	(-.0078)
June.....	274,525	72,235	-.2631	65,149	-.2373	7,085	-.0258	7,796	-.0284	(711)	(-.0026)
July.....	270,580	70,410	-.2602	63,588	-.2350	6,821	-.0252	7,684	-.0284	(863)	(-.0032)
August.....	294,904	77,863	-.2640	68,392	-.2319	9,470	-.0321	8,375	-.0284	1,095	-.0037
September.....	282,919	76,189	-.2693	67,349	-.2381	8,839	-.0312	8,034	-.0284	804	-.0028
October.....	303,080	92,424	-.3049	78,139	-.2578	14,284	-.0471	8,607	-.0284	5,676	-.0187
November.....	287,170	96,450	-.3350	80,872	-.2816	15,577	-.0543	8,155	-.0284	7,421	-.0259
December.....	263,265	98,484	-.3741	83,792	-.3183	14,691	-.0558	7,476	-.0284	7,215	-.0274
	3,381,634	1,010,245	-.2987	887,517	-.2624	122,727	-.0363	96,038	-.0284	26,689	-.0079

* Average for year.

THE BORDEN COMPANY, LIMITED
FLUID MILK DEPARTMENT
Butter Operations 1940

MONTH—	On hand beginning of month			Purchases and production			Sub-total			Transfers			On hand end of month			Cost of sales		
	Lbs.	Value	Unit	Lbs.	Value	Unit	Lbs.	Value	Unit	Lbs.	Value	Unit	Lbs.	Value	Unit	Lbs.	Value	Unit
1940																		
January—	584,373	146,236	-2502	166,189	51,152	-3082	750,562	197,388	-2630	17,109	4,475	-2030	466,515	122,687	-2630	267,028	70,224	-2630
February—	466,515	122,687	-2630	129,051	40,198	-3115	595,566	162,885	-2735	20,632	5,642	-2735	289,855	79,268	-2735	285,099	77,973	-2735
March—	289,835	79,268	-2735	187,760	56,841	-3027	577,595	136,109	-2850	27,251	7,766	-2850	146,226	41,701	-2850	304,018	86,642	-2850
April—	146,326	41,701	-2850	237,113	64,719	-2729	383,439	106,420	-2775	19,722	5,473	-2775	93,558	25,966	-2775	270,159	74,980	-2775
May—	93,558	25,966	-2775	317,832	77,989	-2451	411,390	103,864	-2525	10,239	2,585	-2525	122,264	30,868	-2525	278,887	70,411	-2525
June—	122,264	30,868	-2525	345,215	80,073	-2320	467,479	110,941	-2373	10,476	2,486	-2373	182,478	43,305	-2373	274,525	65,149	-2373
July—	182,478	43,305	-2373	409,007	95,699	-2340	591,485	139,004	-2350	19,322	4,540	-2350	301,583	70,874	-2350	270,580	63,588	-2350
August—	301,583	70,874	-2350	449,694	103,357	-2298	751,277	174,231	-2319	15,440	3,580	-2319	440,933	102,255	-2319	294,904	68,392	-2319
September—	440,933	102,255	-2319	284,017	70,318	-2476	724,950	172,576	-2381	14,518	3,456	-2381	437,513	101,770	-2381	282,919	67,349	-2381
October—	427,513	101,770	-2381	324,637	92,148	-2838	752,150	193,918	-2576	9,930	2,560	-2576	439,140	113,218	-2576	303,080	78,139	-2576
November—	439,140	113,218	-2576	233,070	76,088	-3265	672,210	189,306	-2816	10,086	2,840	-2816	374,954	105,563	-2816	287,170	80,872	-2816
December—	374,954	105,563	-2816	433,587	151,749	-3500	808,541	257,342	-3183	16,317	5,193	-3183	598,959	168,357	-3183	293,265	83,792	-3183
				6,517,172	960,240	-2730				190,952	50,601	-2650				3,381,634	887,517	-2624

PRICES

1671

	Montreal Market				The Borden Company, Limited			The Borden Company, Limited		
	Retail sales value prints	Purchase solids	Difference between prints and solids		Retail sales value prints	Production and purch. value prints	Difference between sales and purch. value	Wholesale sales value prints	Production and purch. value prints	Difference between sales and purch. value
1946										
Month										
January	40.60	36.00	4.6		41.27	39.33	1.94	38.31	39.33	(1.02)
February	40.70	36.00	4.7		41.27	38.63	2.64	37.75	38.63	(0.88)
March	40.90	36.00	4.9		41.15	38.87	2.28	38.24	38.87	(0.63)
April	42.90	40.00	2.9		45.13	41.90	3.23	42.72	41.90	0.82
May	45.50	38.50	7.0		45.08	40.12	4.96	41.73	30.12	1.61
June	44.30	38.37	6.93		44.66	38.96	5.70	41.63	38.96	2.67
July	44.10	39.37	4.73		44.86	40.03	4.83	41.84	40.03	1.81
August	45.10	40.00	5.10		45.63	41.22	4.41	42.30	41.22	1.08
September	45.10	40.00	5.10		45.42	41.36	4.06	41.96	41.36	0.60
October	45.30	40.00	5.30		45.42	41.62	3.80	42.33	41.62	0.71
November	45.30	40.00	5.30		45.44	43.83	1.61	41.97	43.83	(1.86)
December	45.40	40.00	5.40		45.44	44.18	1.26	42.09	44.18	(2.09)
Average	43.80	38.66	5.14		44.27	40.40	3.87	41.27	40.40	.87
1947										
January	45.40	40.00	4.4		45.45	42.29	3.16	42.00	42.29	(0.29)
February	45.40	40.00	5.4		45.35	43.84	1.51	42.07	43.84	(1.77)
March	45.00	40.00	5.4		45.44	42.37	3.07	42.20	42.37	(0.17)
April	45.40	40.00	5.4		44.16	42.50	1.66	40.59	42.50	(1.91)
May	54.10	48.50	5.6		55.19	50.44	4.75	51.82	50.44	1.38
June	55.10	49.75	5.35		55.41	50.61	4.80	52.31	50.61	1.70
July	55.10	49.87	5.23		56.05	50.42	5.53	53.43	50.52	2.91
August	55.20	55.25	(0.05)		60.06	55.61	4.45	57.41	55.61	1.80
September	64.50	59.13	5.37		65.63	60.60	5.03	63.10	60.60	2.50
October	65.20	57.13	8.07		64.52	59.29	5.23	61.68	59.29	2.39
November	61.50	60.37	1.13		65.38	62.52	2.86	62.60	62.52	0.08
December	67.00	66.13	0.87		71.56	69.67	1.89	68.60	69.67	(1.07)
Average	54.90	50.50	4.40		55.64	52.08	3.56	52.49	52.08	0.41
1948										
January	.....	.....	.....		73.13	71.55	1.58	70.13	71.55	(1.42)
February	.....	.....	.....		72.37	7.12	0.25	69.23	72.12	(2.89)

THE BORDEN COMPANY, LIMITED

Schedule of purchase of storage butter—1947

			Lbs.	Price	Value	
May	20	Olive & Dorian, Montreal.....	28,000	0.49 $\frac{1}{2}$	13,772 76	J. J. Joubert
June	16	A. A. Ayre, Montreal.....	140,004	0.50 $\frac{1}{2}$	71,052 04	" "
"	17	Olive & Dorian, Montreal.....	55,961	0.51	28,540 11	Farm Products
"	20	" " " ".....	56,047	0.51 $\frac{3}{4}$	28,794 15	Ottawa
"	24	A. A. Ayre, Montreal.....	55,744	0.51 $\frac{1}{2}$	28,708 16	J. J. Joubert
"	25	" " " ".....	83,941	0.51 $\frac{1}{2}$	43,238 37	" "
July	2	Olive & Dorian, Montreal.....	55,644	0.49 $\frac{1}{2}$	27,543 78	Ottawa
"	4	" " " ".....	83,740	0.49 $\frac{1}{2}$	41,241 95	J. J. Joubert
"	28	" " " ".....	56,683	0.50 $\frac{1}{2}$	28,624 92	Ottawa
Sept.	2	E. J. Shea & Co., Toronto.....	32,312	0.60 $\frac{1}{2}$	19,548 76	Toronto
"	13	A. A. Ayre, Montreal.....	56,116	0.60	33,669 60	J. J. Joubert
"	15	" " " ".....	55,486	0.59	32,736 74	" "
"	15	R. A. Chisholm, Toronto.....	6,048	0.61	3,689 28	Toronto
"	19	E. J. Shea & Co., Toronto.....	31,472	0.62	19,512 64	" "
"	24	R. A. Chisholm.....	6,776	0.61	4,133 36	" "
"	30	E. J. Shea & Co., Toronto.....	4,068	0.60 $\frac{1}{2}$	2,473 24	" "
			808,042	.5288	427,279 86	

Mr. MONET: I would also ask that the information given by the company at counsel's request be filed as exhibit No. 74. It is information similar to the information given by all other trade witnesses heard so far in this investigation. It will be listed as exhibit 74.

EXHIBIT: No. 74: Answers by The Borden Company Limited to questionnaire.

Room 400, Elgin Bldg.,
Ottawa, Ont.
March 8, 1948.

*Information required from Manufacturers and
Wholesalers of Butter*

- (1) Name of Company—The Borden Company, Limited.
- (2) Date of Incorporation—March 18, 1912.
- (3) Name of subsidiary companies engaged in the production, storage or distribution of butter—J. J. Joubert, Limitée, Montreal, Quebec.
- (4) Locations of creameries, storage warehouses and retail outlets—Distribution via milk routes at Quebec, Montreal, Ottawa, Toronto, Hamilton, Niagara Falls and Windsor.
Limited storage facilities at Ottawa, Montreal and Toronto.
- (5) Table as to purchases, sales and inventories of butter attached—All production is transferred at cost.
- (6) Have no creameries or separate butter departments.
- (7) Balance Sheet and Profit and Loss Statement for 1947 attached.

THE BORDEN COMPANY LIMITED AND
CANADIAN SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET DECEMBER 31, 1947

STATEMENT OF INCOME AND EARNED SURPLUS
12 MONTHS ENDED DECEMBER 31, 1947

Net Sales	\$ 34,859,970 08
Cost of Goods Sold.....	30,950,519 73
Gross Profit on Sales.....	3,909,450 35
Selling and Administrative.....	1,544,275 41
Net Departmental Profit	2,365,174 94
Other Income	60,120 59
Gross Income	2,425,295 53
Provincial Income Taxes.....	165,283 05
Provincial Franchise Taxes.....	10,794 30
Pensions, etc.....	53,315 22
Dominion Income Taxes.....	864,963 16
Total Other Deductions and Taxes.....	1,094,355 73
Net Income from Trading.....	1,330,939 80
Earned Surplus at beginning.....	6,820,535 73
Total	8,151,475 53
Deductions from Earned Surplus.....	16,335 33
Earned Surplus at end.....	8,135,140 20

THE BORDEN COMPANY LIMITED AND CANADIAN SUBSIDIARY COMPANIES

Consolidated Balance Sheet December 31, 1947

ASSETS		\$	cts.
<i>Current Assets</i>			
Cash.....		3,905,205	51
Canadian Government Securities.....		48,000	00
	\$ cts.		
Receivables.....	1,079,476 46		
LESS RESERVE.....	171,936 52		
		907,539	94
Inventories.....		3,598,540	63
		8,457,286	08
TOTAL CURRENT ASSETS.....			
Investments and Non-Current Receivables.....	2,293,799 86		
LESS RESERVE.....	55,048 78		
		2,228,751	08
Property, Plant and Equipment.....	12,211,448 96		
LESS RESERVE.....	6,468,980 93		
		5,742,468	03
Deferred charges.....		33,945	83
TOTAL.....		16,462,451	02
LIABILITIES		\$	cts.
<i>Current Liabilities</i>			
Accounts payable.....		1,605,082	66
Accrued taxes.....		540,764	43
Other accrued accounts.....		286,864	23
		2,432,711	32
TOTAL CURRENT LIABILITIES.....			
Other operating reserves.....		213,878	81
<i>Capital Stock and Surplus</i>			
Capital stock issued.....		4,000,000	00
Capital surplus.....		1,680,720	69
Earned surplus.....		8,135,140	20
TOTAL.....		16,462,451	02

PRICES

1675

	Quantities of butter—Lbs.						Dollar value (omit cents)		Average per lb.		
	On hand at beginning of month	Purchases during month	Transferred from creamery during month	Sub-total	Sales during month	On hand at end of month	Purchases and production during month	Sales during month	Cost of purchases and production	Selling price	Margin between purchase cost and selling price
									cts.	cts.	cts.
1946											
Month—											
January	413,918	156,791	13,560	584,269	333,648	243,780	67,334	134,208	3953	4022	0069
February	243,780	193,756	11,281	448,817	291,546	152,263	79,647	116,524	3855	3907	0112
March	152,263	93,306	30,207	275,776	206,073	66,398	48,497	82,356	3926	4005	0079
April	66,398	110,282	77,382	254,062	194,707	54,350	78,625	84,997	4190	4365	0175
May	54,350	255,213	114,655	424,278	251,206	166,570	148,420	109,761	4012	4369	0357
June	166,570	504,872	167,018	838,460	268,493	561,726	261,794	116,810	3896	4351	0455
July	561,726	330,201	132,406	1,024,333	291,800	711,536	185,163	126,834	4003	4347	0344
August	393,324	393,324	96,733	1,201,563	353,366	834,699	202,026	156,814	4122	4413	0291
September	834,699	236,052	111,207	1,181,958	333,966	835,925	143,628	146,514	4136	4387	0251
October	835,925	239,029	109,092	1,184,046	361,077	811,036	144,880	159,270	4162	4411	0249
November	811,036	151,370	61,569	1,023,975	364,857	639,408	93,612	159,912	4396	4383	0013
December	639,408	121,942	42,871	804,281	366,594	427,352	74,289	161,030	4507	4393	0114
		2,786,198	967,981		3,619,333		1,527,915	1,555,200	4070	4297	0227
1947											
Month—											
January	427,352	382,674	61,739	871,765	378,687	484,247	187,954	165,709	4229	4376	0147
February	484,247	178,956	29,192	692,395	353,732	332,643	91,998	155,109	4420	4385	0035
March	332,643	181,911	60,315	574,869	402,246	104,088	103,659	177,113	4279	4403	0124
April	104,088	266,766	101,940	532,794	447,557	74,495	156,699	196,657	4250	4394	0144
May	74,495	310,575	93,559	478,609	353,787	115,325	203,837	189,598	5044	5359	0315
June	115,325	697,888	116,570	929,783	359,968	558,601	412,209	193,736	5091	5383	0322
July	558,601	449,462	118,681	1,126,844	349,469	731,260	287,039	191,342	5052	5423	0423
August	731,269	389,323	101,254	1,241,846	372,699	832,649	272,795	218,734	5561	5869	0308
September	832,649	439,258	110,638	1,381,975	355,604	1,010,237	332,897	229,215	6080	6446	0386
October	1,010,237	197,259	97,249	1,304,745	336,896	916,061	174,404	225,843	5929	6399	0399
November	916,061	167,071	42,380	1,125,512	342,516	747,228	132,272	219,475	6315	6408	0093
December	747,228	171,591	28,740	947,559	363,595	598,259	140,841	250,172	7030	6880	0150
		3,832,714	961,637		4,436,736		2,496,774	2,412,713	5208	5438	0230
1948											
Month—											
January	568,258	192,817	21,471	782,546	308,540	440,273	153,331	221,222	7155	7170	0015
February	449,273	226,603	12,531	688,407	321,358	335,963	172,464	226,561	7212	7050	0162

Address: Spadina Crescent, Toronto 4, Ontario.

THE BORDEN COMPANY, LIMITED—Continued

FLUID MILK DEPARTMENT

Quantities and Value of Butter—by Months

Month—	Quantities of butter—Lbs.					Dollar value (omit cents)			Average per lb.		
	On hand at beginning of month	Purchases during month	Transferred from creamery during month	Sub-total	Sales during month	On hand at end of month	Purchases and production during month	Sales during month	Cost of purchases and production	Selling price	Margin between purchase cost and selling price
1943									cts.	cts.	cts.
January.....	193,651	108,034	29,385	331,070	204,997	111,078	52,299	80,910	.3806	.3947	.0141
February.....	111,078	122,166	18,962	252,206	161,587	85,097	53,109	63,004	.3763	.3899	.0136
March.....	85,097	137,947	44,346	297,390	191,869	56,123	67,898	75,647	.3723	.3943	.0220
April.....	56,123	143,597	93,039	297,750	202,979	80,843	83,191	80,398	.3516	.3961	.0445
May.....	80,843	140,009	114,329	335,181	227,288	89,376	89,587	88,529	.3522	.3895	.0373
June.....	89,376	161,450	159,871	410,697	208,119	179,168	110,363	80,004	.3435	.3844	.0409
July.....	179,168	347,908	157,077	684,153	217,591	439,866	170,418	83,644	.3373	.3844	.0469
August.....	439,866	173,263	168,055	781,184	223,806	544,952	120,830	86,037	.3540	.3843	.0363
September.....	544,952	142,715	133,454	821,121	244,059	568,376	97,822	93,272	.3542	.3808	.0266
October.....	568,376	149,921	121,772	840,069	251,899	577,109	100,997	98,023	.3717	.3891	.0174
November.....	577,109	254,956	44,212	876,277	285,965	582,907	110,732	98,666	.3701	.3800	.0099
December.....	582,907	137,242	24,611	744,760	286,205	452,092	66,138	110,491	.4088	.3861	(.0227)
		2,019,208	1,109,113		2,707,324		1,123,374	1,048,635	.3591	.3873	.0282
1944											
January.....	495,646	123,848	12,858	632,352	254,915	371,314	54,441	100,688	.3982	.3950	(.0032)
February.....	371,314	141,133	6,184	518,631	260,663	246,639	62,257	102,744	.4226	.3942	(.0284)
March.....	246,639	134,345	25,405	406,389	276,592	123,611	63,065	107,289	.3949	.3879	(.0070)
April.....	123,611	147,930	77,795	349,336	276,703	55,022	82,577	108,163	.3658	.3909	.0251
May.....	55,022	176,739	132,433	364,194	264,680	92,600	109,447	103,745	.3540	.3940	.0380
June.....	92,600	426,623	182,248	701,471	258,091	436,033	207,192	101,496	.3403	.3933	.0530
July.....	436,033	182,788	160,421	779,242	277,321	492,716	117,541	106,247	.3425	.3831	.0406
August.....	492,716	245,474	150,113	888,303	274,131	605,995	139,571	107,086	.3528	.3907	.0379
September.....	605,995	222,157	137,011	965,163	317,254	640,398	129,605	123,304	.3608	.3887	.0279
October.....	640,398	217,952	104,427	962,777	284,300	669,930	117,732	112,064	.3652	.3942	.0290
November.....	669,930	177,986	62,937	910,853	286,276	617,615	90,782	112,800	.3768	.3865	.0172
December.....	617,615	161,282	32,782	811,679	333,579	470,657	74,329	128,937	.3830	.3865	.0035
		2,358,257	1,084,614		3,364,495		1,248,559	1,314,563	.3627	.3907	.0280

1940

² Includes Walkerside as of Feb. 1, 1940.

Mr. MONET: Mr. Warner, the question I have to ask you will deal both with the statement that you have prepared and just read to the committee and also with the information you have attached to that statement, and which you have listed as Exhibit 1, Exhibit 1—supplement, and so on. Before doing so I have a few general questions I should like to ask you. Would you tell the members of the committee the date of the incorporation of The Borden Company Limited?

Mr. WARNER: March 18, 1912.

Mr. MONET: Are there any subsidiary companies engaged in the production, storage or distribution of butter?

Mr. WARNER: We have one only, the J. J. Joubert Company of Montreal.

Mr. MONET: For how long has the J. J. Joubert Company been a subsidiary of Borden's?

Mr. WARNER: I think it was 1929.

Mr. MONET: And are they operating separately from Borden's?

Mr. WARNER: Their figures are included in our butter returns. To all intents and purposes they are a part of Borden's.

Mr. MONET: The information you have given here in these statements includes the operations of J. J. Joubert?

Mr. WARNER: Correct.

Mr. MONET: Now, you said in your brief that you buy most of the butter you sell?

Mr. WARNER: That is right.

Mr. MONET: You said that you purchase about 80 per cent.

Mr. WARNER: Purchase 80 per cent.

Mr. MONET: Would you tell the members of the committee from whom you buy your butter?

Mr. CHARDE: I think we have a list attached there of our purchases.

Mr. MONET: Oh, Exhibit 4.

Mr. CHARDE: That is right.

Mr. MONET: That is for the storage butter, is it not?

Mr. CHARDE: Yes.

Mr. MONET: Before coming to that you say you purchase 80 per cent of the butter you sell?

Mr. WARNER: That is right.

Mr. MONET: I should like to know as closely as possible from whom you purchase your butter?

Mr. WARNER: From many, many creameries, wherever we can buy it to the best advantage. I can supply the committee with the names of every creamery we purchased from last year. We try to buy most of it from the people who manufacture it rather than manufacture ourselves.

Mr. MONET: You do manufacture about 20 per cent of the amount of butter you deliver and sell?

Mr. WARNER: That is right.

Mr. MONET: Did you ever buy butter through the Commodity Exchange?

Mr. WARNER: Never.

Mr. MONET: Never did?

Mr. WARNER: Don't know anything about it.

Mr. MONET: You never had any dealings in butter with the Commodity Exchange?

Mr. WARNER: No.

Mr. MONET: While we are talking about the Commodity Exchange, are you familiar with their operations?

Mr. WARNER: Don't know anything about them, only what I heard here, the first time I ever knew they even existed.

Mr. MONET: So you would not be able to give the members of the committee any information as far as they are concerned?

Mr. WARNER: No.

Mr. MONET: As to the butter you purchase and the butter you manufacture, to whom do you sell it. Do you sell it retail, wholesale?

Mr. WARNER: Retail, off our milk wagons, and off the same wagons it goes to restaurants that buy our milk and grocery stores that buy our milk. We do not solicit butter business. We only sell it along with the milk deliveries.

Mr. MONET: Do you ever sell any to wholesalers or brokers?

Mr. WARNER: No.

Mr. MONET: You never do?

Mr. WARNER: No.

Mr. MONET: Can you give the members of the committee the proportion of butter you sell retail?

Mr. WARNER: Yes. Mr. Charde has that answer, I think.

Mr. CHARDE: Fifty-seven per cent of our butter is sold to the consumer.

Mr. MONET: You mean direct to the consumer?

Mr. CHARDE: Direct to the consumer.

Mr. MONET: From the milk wagons?

Mr. CHARDE: Milk customers, yes, and 43 per cent to our wholesale customers which would be stores, restaurants and so forth.

Mr. MONET: You describe those as wholesale customers, stores and restaurants?

Mr. CHARDE: Yes.

Mr. MONET: While we are on this question, is your price the same retail and wholesale?

Mr. WARNER: No.

Mr. MONET: Tell the members of the committee what you sell at—

The CHAIRMAN: You nodded. The reporter will not get that. What is the answer?

Mr. WARNER: No.

Mr. MONET: Would you give the members of the committee the price for the retail and wholesale, as you have described it?

Mr. CHARDE: We have attached here Exhibit No. 3 which lists for the years 1946, 1947, and January and February of 1948, the selling prices retail and wholesale for each of the months.

Mr. MONET: Would you give some explanation to the members of the committee? Take, for instance, December, 1947, as an example.

Mr. JOHNSTON: When you speak of retail you mean that which is sold from the wagon?

Mr. MONET: To the consumer. That was your answer, was it?

Mr. WARNER: Yes.

Mr. CHARDE: I should like to point out that the wholesale butter is sold from the wagon as well as the retail.

Mr. MONET: All your butter is sold from the wagon?

Mr. CHARDE: From the milk routes.

Mr. MONET: Every pound of butter you sell?

Mr. CHARDE: Ninety-eight per cent.

Mr. MONET: It is sold both to the consumer, which would be from door to door, and what you call wholesale, which would be to stores and restaurants.

Mr. JOHNSTON: From the same wagon?

Mr. CHARDE: That is right.

Mr. MONET: That is why I would like you to give the members of the committee an explanation of your Exhibit 3. Would you take, for instance, the month of January, 1948.

The CHAIRMAN: You just took the month of December, 1947.

Mr. MONET: I am sorry, Mr. Chairman. Take the month of December.

Mr. CHARDE: Just what did you want?

Mr. MONET: I want to know what is your price to retail and what is your price to wholesale?

Mr. CHARDE: The price to the retail in December, 1947, was 71.56 cents. The price to the wholesale customer, the average, was 68.60 cents.

Mr. JOHNSTON: Is that not 71—

Mr. CHARDE: That is in the fourth column.

Mr. MONET: That is in the fourth column of exhibit 3, their exhibit 3.

Mr. JOHNSTON: I was looking at the Montreal market.

Mr. MONET: I will come to that in a minute. Column 4, there the December price is 71.56.

Mr. CHARDE: Yes, 71.56.

Mr. MONET: That is your retail price?

Mr. CHARDE: That is right.

Mr. MONET: And your wholesale price is 68.60?

Mr. CHARDE: That is right.

Mr. MONET: I understand that this butter is sold by the same wagons, by the same people?

Mr. CHARDE: That is right.

Mr. MONET: Now, Mr. Charde, will you tell the committee how you arrive at the cost of handling this butter, your cost of delivery to retail and wholesale customers? How do you arrive at that? What process do you go through to arrive at the cost to be charged against the butter sold to these different people?

Mr. CHARDE: You are referring to the establishment in Toronto; you want to know what charge we make there?

Mr. MONET: What charge you would make on it as compared to the other?

Mr. CHARDE: It all being sold and delivered through the same vehicles the charge we make against the butter is on a point or unit basis, as mentioned in Mr. Warner's brief. For that purpose the point is a pound of butter, a quart of milk, half a pound of cream, a dozen of eggs, a quart of chocolate milk, a quart of buttermilk, and so on. I think that covers it.

Mr. MONET: I take it then that your wagons deliver both to retail and wholesale customers, and they also distribute fluid milk at the same time as they distribute these other products?

Mr. CHARDE: That is right.

Mr. MONET: And the cost charged against all items is determined on the point or unit basis in the manner in which you have described?

Mr. CHARDE: That is right.

Mr. MONET: Now would you Mr. Warner, or Mr. Charde, while we are on this exhibit 3, explain to the members of the committee why you show a selling price to retail of 71.56, why that would be more than the prevailing Montreal market at the time; in order words, the spread in your case indicates a larger spread than the market in Montreal?

Mr. WARNER: Of course, that is the value of the butter at Montreal, for the information of the committee here. On that basis we would have to bring it from Montreal to wherever we were going to use it, and we would have the expense of delivering it from our milk wagons.

Mr. MONET: Well, I take it, Mr. Warner, that may be explained to some extent by the difference between solids and prints. As I recall in former evidence, in December the Montreal market was .87; is not that right—the third column?

Mr. WARNER: Yes, that is right.

Mr. MONET: Your spread would be, according to this column 1.89 for retail?

Mr. CHARDE: That is our margin.

Mr. MONET: That is your margin?

Mr. CHARDE: That is right.

Mr. MONET: How is it then larger than the Montreal market?

Mr. WARNER: If we were to buy that butter in Montreal we would have to pay a half a cent average cost of delivery to the point at which we use it. We would have to handle it, and we would have to cover the cost of delivery on our milk wagons, and there would be much more than that.

Mr. JOHNSTON: You would not bring it all in from Montreal, would you?

Mr. WARNER: If we were buying butter then we would have had to bring it from Montreal to Toronto or wherever we wanted to use it.

Mr. JOHNSTON: For instance, if you were selling this in Toronto you would not transport all your butter from Montreal to Toronto?

Mr. WARNER: We were not buying in December. This is just to show the summary of the market quotations.

Mr. JOHNSTON: But you have just mentioned that you received butter from a number of points. You would not have to pay transportation on all of it, but you would on that which you brought from Montreal to wherever you were selling it.

Mr. WARNER: We base our selling price on the current market quotations.

Mr. FLEMING: May I ask a question at that point? Mr. Warner, as I understand it, the three columns under the heading "Montreal market" have no reference to your actual operations?

Mr. WARNER: No.

Mr. FLEMING: It is simply information you have obtained as to the quotations at Montreal, something for the information of the committee so that they may have it as a basis for comparison?

Mr. WARNER: For your information.

Mr. FLEMING: Columns 4, 5 and 6 on the one hand, and column 7, 8 and 9 on the other, have no relation to your operations at Montreal or elsewhere?

Mr. WARNER: None whatever.

Mr. FLEMING: Have you the actual operations in Montreal by the Joubert company which are capable of being segregated in any way? We are speaking of butter now.

Mr. WARNER: They are all tied in with these figures that you have before you there. That is a general picture of our combined operations.

Mr. FLEMING: These figures in columns 4 to 6 and 7 to 9, have reference to your over-all operations in all phases?

Mr. WARNER: All phases blended together, that is what we were asked for.

Mr. FLEMING: Well, is there any difference in your prices as between, let us say, Montreal on the one hand and Ottawa or Toronto on the other?

Mr. WARNER: Oh, yes, we have different selling prices. I do not think that any two operations are the same. But what we have given you is the average the total receipts divided by the total pounds.

Mr. MONET: Now, Mr. Warner, would it be also, or could it be, that the price you pay for fluid milk would divert fluid milk from production of butter and butter would cost you more?

Mr. WARNER: We do not divert fluid milk to make butter. We lose enough money on butter usually without doing that.

Mr. MONET: I think you said you manufactured only 20 per cent of the butter you sell?

Mr. WARNER: That is right.

Mr. MONET: Now, would you please tell the committee what is your basis for fixing or determining the price of butterfat, coming back to butterfat again?

Mr. WARNER: I asked our Ottawa manager that the other day because I heard the question asked here, and I think he also has seen something about it. When I was running a creamery I would look at the morning paper and see what No. 1 butterfat was and find out what my competitors were paying for it. And you always look and see what No. 1 solids are selling for. With your experience in the business you know what that leads you to, and you always try to pay as much for the butterfat as that quotation. You know that if you do not the farmer is going to complain. They watch that very carefully also. That seems to be the composite picture of what the trade is doing. That is what the other creameries are doing. We have to get that information from independent sources, and it always seems to be a free for all. You always try to set your price at what the price is knowing that the farmers are following that, and the farmer is going to send his cream somewhere else unless you pay as good a price as your competitor. When we were operating a creamery we always did one thing; we always tried to pay if possible a little bit more than the published price. In my own creamery I always tried to pay whatever possible just a little more than the cheaper price. Then you try to sell your butter. You look at the market for butter and you may see that it looks as though it is going to be just a little bit better than average and you pay a little more for butterfat and you sell for a little more, so you make up the little more which you pay for the butterfat. But it is dynamite to pay less than what the papers show the price of butterfat to be.

Mr. WINTERS: May I ask a question here, Mr. Monet.

Mr. MONET: Certainly, Mr. Winters.

Mr. WINTERS: Yesterday Mr. Duplan, president of the National Dairy Council, emphasized two or three times the fact that the price of butter was set by the customers. At what stage of the proceedings does the customer come in this picture? Can you tell us that?

Mr. WARNER: They come into it. There are two things. You want to set your product for all the customer will pay, and you want to pay as much as you possibly can for your butterfat. You try to get the paper average. There is more than the customers setting the price of butter. There are your competitors buying butterfat from the farmer also, and the fact that you have to pay as much as they do. If the price at which you are selling is too low you have to try to get your price up. I do not think that is the complete answer.

Mr. WINTERS: So you would not say that the customer was the most important factor in setting the price?

Mr. WARNER: I would not think so.

Mr. WINTERS: You referred I believe to the prices set by the milk market; which indicates that you find it difficult to put your finger on the way prices are going—

The CHAIRMAN: Supply and demand. That is what we said yesterday. I really think Mr. Duplan said yesterday that it was the market.

Mr. WINTERS: He said the customer two or three times, he emphasized that it was set by the customer. I just wanted to find out what relationship he thought there was there.

Mr. MONET: Would you say that the customer would establish the market?

Mr. WARNER: No, not the market itself. A combination of many things.

Mr. MONET: When you refer to market, what is the market? That is what we have been trying to establish from the beginning, and I think all members of the committee have been trying to get it; I know I have been trying to get that, what does set the price of butter. Can you tell us that?

Mr. MAYHEW: I think he said that he depends on the newspapers for that information. I wonder if he could tell us how the newspapers get it?

Mr. WARNER: They telephone around to the creameries. I think in Toronto that is the usual system.

Mr. WINTERS: The newspaper does not telephone to the customers, does it?

Mr. WARNER: I don't know. But I will tell you what I do for my own protection. I look at reports to see what butter is selling for and that is where we get the market price. They phone and ask us, ask the dealers.

Mr. MONET: Who does that?

Mr. WARNER: The reporters, I presume.

Mr. JOHNSTON: It is the newspapers then whom we should be asking.

The CHAIRMAN: We have had them here for a long time. We will be calling them later.

Mr. JOHNSTON: I have heard them accused of a lot of things but not setting the price of butter.

Mr. MAYHEW: I suggest we should stand the witnesses down for a few minutes and call the press.

Mr. MONET: I think we have two witnesses here who can probably give us some information on that, which I wish they would do. I think these gentlemen can do it so anybody can understand it.

Mr. WARNER: I wish I could, Mr. Chairman. I had a creamery of my own. I had to watch the price at which butterfat was selling. I can only pass along the little information I have. You have to watch the papers and see by the papers what others are paying for it. Then you look at your selling price and you say to yourself, to cover my margin I will have to get a little more profit—could I sell the butter for that. Then I have to watch what my competitors are doing. If I find that my competitor is a little long on butter and is under-selling butter I have to drop my price to keep in line with his. Then you say, well, if my margin is sufficient, I will continue to buy butterfat at the price to the farmer. The last thing you do is to pay less. You are just not going to get it when you try to do that. On the other hand, your competitor wants more fat. I have had this happen to me. Say he goes to the phone and calls the farmer and says, I need a lot more fat—he is just going to take away your customers. What am I going to do? I have my creamery and my plant to keep operating. I have to pay that same price if I want to continue in the creamery business, and I pay it. I have

to try and find a level over the years and hope that I will average out enough money in the way of profit to provide myself with a fair living. That is the best I can do for you, gentlemen.

Mr. MAYHEW: The Borden Company has a plant here in Ottawa, possibly they could give us that information.

Mr. WINTERS: Has the papers ever called you to ask you about the price of butter?

Mr. WARNER: Speaking personally, they used to in the old days, yes; but not in Toronto. I would not be conversant with the details of the plant and I would refer them to the Toronto plant manager, or to the local manager at whatever point it might be. I would also tell them that we are not particularly interested in the manufacture of butter, we are getting out of it. As I told you, we now have only one butter operation. I would suggest that they had better call someone more active in the butter business. If they asked me the selling price of butter, I could tell them that. I suppose if they were to call me and ask for that information, if I were in Toronto I would refer them to Mr. Knowles, and here to Mr. Reynolds.

The CHAIRMAN: Mr. Mayhew's question is, do they have a practice now of calling your company?—How often do they call you?

Mr. WARNER: I could not answer that officially. I could inquire for you.

Mr. MAYHEW: And if that is the source of getting the information and if that has the effect in the end of the regulating the price, then you would think they would call the heads of the important companies and deal with the heads of those companies.

Mr. WARNER: Yes, if we were manufacturing butter.

Mr. THATCHER: They would not do that now, would they, Mr. Chairman?

The CHAIRMAN: No, not now.

Mr. FLEMING: May I ask one question there, Mr. Chairman? You have described the process which applies when there is a free market in butter. To what extent does that obtain now where you have a ceiling price?

Mr. WARNER: As far as the ceiling price on butterfat is concerned, you have no ceiling price on butterfat now, and butter being as short as it is I am sure that everybody is trying to get as many pounds of butterfat into their creameries as they can.

Mr. FLEMING: And that would have the effect of putting butterfat at a premium, would it not?

Mr. WARNER: I am sure that on account of the rapid increase in the price of butter the creameries are paying a premium for their butterfat now.

Mr. WINTERS: And that has the effect of setting the price?

Mr. WARNER: There is a difference—

Mr. FLEMING: Would you explain that a little further, please.

Mr. WARNER: You see, if your price of butter had stayed down where it was, around 50 cents a pound, and if cheese had stayed where it is, around 45 cents a pound, then milk would be diverted from butter to cheese. Now, the creamery man has his plant there and he wants to keep it operating and he has got to raise his price on the basis of what his competitors are paying; and when I speak of competitors I refer to cheese as well as Tom Smith who is competing with Paul Jones; cheese is also competing.

The CHAIRMAN: I think we should go through with a few necessary preliminaries and save time, otherwise we will have to repeat a lot of this material.

Mr. MONET: Mr. Chairman, I was just going to ask a question about competition between creameries and other parts of the enterprise which affect butter and he has already answered it in replying to questions asked by some of the

members. Would not competition between the creameries, let us take your own case, be an important factor in determining the price of butter? In other words, would that competition be a sufficiently strong factor to affect the price?

Mr. WARNER: Well, the demand for cream being competition—if your competitors pay more money for fat you must eventually get more money for your butter, so it must have some influence.

Mr. MONET: Is that daily competition, or over a longer period?

Mr. WARNER: No, daily.

Mr. MONET: Back in the country?

Mr. WARNER: Back in the country, yes.

Mr. MONET: So this competition between the creameries to get butterfat from the farmers is an important factor?

Mr. WARNER: Without the ceiling perhaps it would be more than it is.

Mr. MONET: There would be more competition than there is today and that would make it even more important as a factor?

Mr. WARNER: Oh, yes, that is an important factor all right.

Mr. IRVINE: I would just like to ask him one question here. My recollection is that other witnesses have very distinctly said that the price of butterfat is constantly determined by the price of butter. Now, am I to understand that in this case the process is being reversed and the price of butterfat is the factor which determines the price of butter?

Mr. MONET: We have been told that the price of butter determines the price of butterfat.

Mr. IRVINE: Usually that is what was said.

Mr. WARNER: That is right. But there are also some other things which affect the price we pay for butterfat; the price we sell butter for, and that competition.

Mr. MAYHEW: And part of the competition which affects the price of butterfat is cheese? That is an important factor?

Mr. WARNER: Very much so, Mr. Mayhew.

Mr. MAYHEW: That has a tendency to put a floor under it.

Mr. WARNER: Yes, as I said, cheese was good competition.

Mr. MONET: Would it not be the main factor, the cheese market, would you let us have your opinion on that?

Mr. MAYHEW: Cheese certainly is a competitor with respect to milk.

Mr. WARNER: If I have to say any one factor was more important than another I would say the price of cheese.

Mr. JOHNSTON: Mr. Chairman right on that point, some of the witnesses have said that the thing which sets the price of butterfat is competition between the creameries.

Mr. WARNER: This competition between the creameries would be competition of another kind, for the milk that goes into butter.

Mr. JOHNSTON: And this is a daily occurrence which must be considered?

Mr. WARNER: That is right.

Mr. JOHNSTON: Is there any arrangement whereby the creameries get together and set a daily price?

Mr. WARNER: Not to my knowledge. I never heard of it.

Mr. JOHNSTON: Has any other creamery ever consulted your company in regard to what you are paying for that day's supply?

Mr. WARNER: Not to my knowledge.

Mr. JOHNSTON: The only way then that the creameries can have any knowledge—say your own company, for instance—the only way you could get any knowledge of what other creameries are paying would be by getting the daily quotations from the press?

Mr. WARNER: That is what I always did, sir.

Mr. JOHNSTON: Now we come back again to this, that the press in some way gets daily quotations?

Mr. WARNER: That is right.

Mr. JOHNSTON: I mean, as to what creameries are paying? Is that where they get it?

Mr. WARNER: They get it from some place.

Mr. JOHNSTON: And thereby they would get the price, the average price for the day's milk?

Mr. WARNER: I do not know what the newspapers do. I do not know how they do it. They apparently call the creameries up, or the dealers, and in some way they get that information. I know that is the way it works.

Mr. JOHNSTON: As far as your own knowledge is concerned, the only source from which you can get that information would be the newspapers?

Mr. WARNER: That is correct.

Mr. MONET: Now, Mr. Warner, you have told us your experience with competition for butterfat in your own company, and from what you have told us we can see that it plays an important part in fixing the price for butterfat. Now, would you tell members of the committee what price you paid for butterfat on the first of each month, or the last of each month, over the period from June 1, 1947, up to the present time?

Mr. WARNER: Mr. Charde will look that up for you.

Mr. CHARDE: You said, from the 1st of June?

Mr. MONET: Yes, from the 1st of June, please; and could you at the same time give us the price of butter over the same period. In that way we will be able to compare the price of butter with the price of butterfat. I have requested that information from other witnesses who have appeared before us and we would like to have it with respect to your own company for purposes of comparison. Would you give us the price you paid for butterfat at the first of each month from June 1, up to now, and at the same time the price at which you were selling your butter for the same date.

Mr. JOHNSTON: Mr. Chairman, just for your information, while they are looking up the answer; I think Mr. Warner said a while ago that he could get from his company the names of the newspapers which have inquired of them regarding the price of butter.

Mr. WARNER: I said I would get that information, if they had inquired.

Mr. JOHNSTON: Yes. I wonder, Mr. Chairman, if you would direct the witness to get that information and submit it to the committee.

Mr. MONET: Would that be for a certain period? Would you tell me what period you have in mind, or do you want it for a number of years back?

Mr. JOHNSTON: I would say probably for the years indicated in that inquiry, let us say from 1946 to 1948.

Mr. MONET: Will you do that for the committee?

Mr. WARNER: All right, sir.

Mr. MONET: I would now ask Mr. Charde to give us the information which was requested.

Mr. CHARDE: Our average selling price for butter for the month of June, 1947, was 53.83, which is 53.83 cents.

Mr. MONET: And you are taking that figure from exhibit 2?

Mr. CHARDE: From Exhibit 1.

Mr. MONET: Your Exhibit 1?

Mr. CHARDE: That is correct.

Mr. MONET: For the month of June; and you say it is 53—

Mr. CHARDE: 53·83 cents.

Mr. JOHNSTON: What was that figure again, please?

Mr. MONET: 53·83 cents, or ·5383—that is in the third column, Exhibit 1, the month of June.

Mr. JOHNSTON: Thank you.

Mr. MONET: And the price of butterfat for the same date?

Mr. CHARDE: The price of butterfat from June 1 to 15, was 51 cents.

Mr. MONET: Pardon me, is that the average price? Is that June price of ·5383 the average for the month?

Mr. CHARDE: That is the average for the month.

Mr. MONET: You have the butterfat price there from the 1st to the 15th?

Mr. CHARDE: That is right.

Mr. MONET: What would it be from the 15th to the 30th?

Mr. CHARDE: We have a complication here with the price for Ontario No. 1 and Quebec No. 1. They are not the same. I think I can give you an average here, if that is suitable, of ·5131.

Mr. MONET: I suppose the competition was not the same at both places. Is that correct? Anyway, give us the best figure you have.

Mr. CHARDE: The average is ·5131.

Mr. MONET: Probably there were jewelers in Quebec. Would you go on?

Mr. CHARDE: The average price of butterfat was ·5131. In the month of July the selling price of butter was ·5475. The average butterfat price was ·5259. In August the selling price of butter was ·5869, and butterfat ·5664. September, the butter price was ·6446, and butterfat ·5664. In October, the butter price was ·6328, and the butterfat price was ·6095. In November the butter price was ·6408, and the butterfat price ·6271. In December the butter price was ·6880 and the butterfat price ·7088. I have January and February here if you wish to have them.

Mr. MONET: Would you give them also?

Mr. IRVINE: You mean to say you were paying more for butterfat in December than you were getting for butter?

Mr. CHARDE: That is right.

Mr. FLEMING: Would you explain one thing? Are you putting these figures as to the cost of butterfat on the basis of a pound of butter?

Mr. CHARDE: A pound of butterfat.

Mr. MONET: A pound of butterfat and a pound of butter.

Mr. FLEMING: Does that not explain the answer to Mr. Irvine's question?

Mr. CHARDE: That is right. It takes only 80 per cent.

Mr. IRVINE: I quite appreciate that. I thought perhaps they would have a little more than that.

Mr. MONET: We will still have to make the calculation which we have been making all along. Would you give it for January and February?

Mr. CHARDE: January price of butter was .7170, and the price of butterfat was .7365.

Mr. MONET: Are the prices you have just quoted for butterfat with delivery at the plant or before delivery?

Mr. CHARDE: The hauling charges have to be added to that in order to get the complete picture.

Mr. MONET: Would that be the price at the farm?

Mr. CHARDE: That is right. We have to pay the hauling costs.

Mr. MONET: Besides that?

Mr. CHARDE: Yes.

Mr. MONET: Have you got that cost?

Mr. CHARDE: Two and a half cents per pound of fat.

Mr. MONET: You mean that to the figure you have just given for the price paid for butterfat you have to add 2½ cents?

Mr. CHARDE: Two and a half cents for hauling.

Mr. FLEMING: That is a Canada-wide average, is it?

Mr. CHARDE: That is our average here.

Mr. FLEMING: On all operations?

Mr. CHARDE: We only have one creamery which is in Ottawa. We do not have any other operations of that kind.

The CHAIRMAN: That is the Ottawa Dairy, is it?

Mr. WARNER: That is right.

Mr. MONET: I understand, Mr. Warner, there was a subsidy on butterfat until May 1 last year?

Mr. WARNER: Right.

Mr. MONET: A subsidy of 10 cents?

Mr. WARNER: That is right.

Mr. MONET: That was removed?

Mr. CHARDE: Yes.

Mr. MONET: Would you tell the members of the committee if the removal of that subsidy had any effect on the price of butterfat as far as the producer was concerned?

Mr. WARNER: I would not know.

Mr. MONET: You were producing butter at that time?

Mr. WARNER: It did not make any difference.

Mr. MONET: It did not make any difference. In other words, you did not gain anything by it and you did not lose anything by it?

Mr. WARNER: No.

Mr. MONET: Did the producer or farmer gain or lose anything by it?

Mr. WARNER: No, he got the same amount.

Mr. MONET: I understand like other companies you had to reimburse at the rate of 8½ cents a pound of butter for every pound of butter you held in storage at the time?

Mr. WARNER: Correct.

Mr. MONET: Would you tell the members of the committee what, in your opinion, are the main factors that brought about the sharp rise in butter, particularly from August to September, September to October, November and December, 1947? There was a very sharp rise in the price of butter in that period. Would you tell the members of the committee what were the main causes of such a rise at that time?

Mr. WARNER: I think everybody in the industry realized we were going to be short of fat. There was not enough milk produced in Canada to take care of our requirements.

Mr. MONET: Excuse me for interrupting you, but would the reason you have just given have caused greater competition between the creameries to get more butter fat to produce more butter?

Mr. WARNER: Later on, yes, but not at the start. I think today it would.

Mr. MONET: I will let you give the factors causing that rise, and I should like you to comment on that and tell us at what period last fall this more active competition between the creameries took place which might have been the cause of a sharp rise?

Mr. WARNER: As I say it was quite apparent we were going to be short of fat, and everybody wanted to protect themselves and take care of their customers for the winter, as we did, so they tried to buy butter, and the more people who wanted to buy butter the more demand there was, and so the law of supply and demand gets to work and up goes the price.

Mr. MONET: I suppose if more people wanted to buy butter more people wanted to buy more butter fat, more creameries?

Mr. WARNER: Well, eventually, but you see at that time we were producing all the butter necessary for Canada and some over. Your creameries ordinarily want to sell that to people who want to store it. There were more people who wanted to get that portion going into storage, so the price went up. Immediately it went up that reflected in the current make. The producer's cost, his price of fat, went up.

Mr. THATCHER: Would the witness say whether he thinks if the ceiling had remained on at that time the industry would have been hurt in any way? Would there have been less butter produced?

Mr. WARNER: With a cheese ceiling, yes, there would have been.

Mr. THATCHER: You think there would have been less butter produced?

Mr. WARNER: No question about it.

Mr. MONET: As I understand it the people interested in the production of butter fat would have gone in for the production of cheese instead of butter?

Mr. WARNER: Naturally every farmer who could sell his milk to a cheese factory instead of a butter factory would do so because he would get more money.

Mr. MONET: He would sell his cream for cheese instead of butter?

Mr. WARNER: That is right.

Mr. THATCHER: Does the witness think the fact that butter has gone up has discouraged consumption at all?

Mr. WARNER: Oh, yes.

Mr. THATCHER: But you can still sell all you can get and more?

Mr. WARNER: But has not discouraged it enough. People are still trying to pay the ceiling price and trying to find it.

Mr. THATCHER: In other words, the fact consumption has increased does not mean very much today?

Mr. WARNER: No, it does not, not today, because there is not enough butter to go around.

Mr. MONET: Some people would even buy jewelry to get it.

Mr. WARNER: Apparently.

Mr. MONET: Can you tell the members of the committee who, in your opinion, benefited mostly from this rise?

Mr. WARNER: That is the \$64 question again.

Mr. MONET: It is a very important one. I think we should know.

Mr. WARNER: Every person who had a pound of butter on hand when the price started to go up benefited by it, whether it is the consumer with an extra pound in his refrigerator or us with 900,000 pounds of butter or the larger holders or the grocery store. The price went up and they all benefited by what they had on hand because they invariably sold it at the market price.

Mr. MONET: Did you also use the word "consumer"?

Mr. WARNER: Yes, if he had an extra pound of butter in his refrigerator, yes. I think Mr. Aird is quite right. I always defer to Mr. Aird's judgment. I think he is very right in saying the consumer benefited, not monetarily, but he benefited because he has had butter longer than he would have had it if the price had gone up.

Mr. MONET: You mean to say actually the shortage we are having might have occurred much earlier than it did?

Mr. WARNER: Yes.

Mr. MONET: Can you give us an idea of when it might have occurred?

Mr. WARNER: No.

Mr. MONET: Weeks before?

Mr. WARNER: Oh, yes, weeks before.

Mr. THATCHER: Did your company try to bring in any butter to alleviate that shortage?

Mr. WARNER: We depend on the brokers for our butter, the people who make a business of that. We consider ourselves just distributors of butter.

Mr. THATCHER: Would you express an opinion as to whether the shortage is temporary or is the same thing liable to happen in a seasonal way next year?

Mr. WARNER: Unless something is done next year you will be shorter of butter than this year.

The CHAIRMAN: What do you mean "something is done", importations?

Mr. WARNER: Importations, yes, or rationing.

Mr. THATCHER: Or oleomargarine?

Mr. WARNER: Well, I am a dairy man.

Mr. JOHNSTON: What is that?

Mr. WARNER: I am a dairy man.

The CHAIRMAN: I did not quite appreciate what you said a while ago. When I say I do not appreciate I am putting it in the form of a query. You said the fact that the price of butter was up to its present level was a deterrent and was responsible for there not being a scarcity earlier. In other words, the present price discouraged consumption that would have caused a scarcity earlier.

Mr. WARNER: No, I do not think I said that.

The CHAIRMAN: Then I misunderstood you.

Mr. FLEMING: He was speaking about milk going into cheese.

Mr. WARNER: That is right.

Mr. IRVINE: If the price had been high enough people would not have bought butter at all and we would have had plenty.

Mr. WARNER: If butter went up high enough, \$5 a pound, that is so, but that is not good for Canadians. That is not good for the industry.

Mr. IRVINE: You said a moment ago you depended on your brokers for your butter?

Mr. WARNER: That is right.

Mr. IRVINE: A little while ago you said you had nothing to do with the exchange. Do your brokers have something to do with it?

Mr. WARNER: I do not know except what I have heard as hearsay.

Mr. MONET: I asked you previously whom you bought your butter from and you said from creameries. Do you buy some through brokers?

Mr. WARNER: Yes. You see on our list we have submitted where we bought our storage butter from the brokers. The question asked me—and I think the gentleman there will bear me out—was about the importation of butter, and if we had imported any, and my reply was we depended on brokers for things like that.

Mr. MONET: Do I take it you buy butter to store to take care of your customers, and you buy it from brokers?

Mr. WARNER: Yes.

Mr. MONET: You have listed the names on Exhibit 4?

Mr. WARNER: Yes.

Mr. MONET: But for your butter that you deliver during the peak period you buy it from different creameries?

Mr. WARNER: Different creameries that make butter.

Mr. MONET: Are we to take it that only your stored butter is bought through brokers?

Mr. WARNER: Generally speaking that is right.

Mr. MONET: You have listed the names of the brokers in Exhibit 4?

Mr. WARNER: Put it this way; when we cannot buy from the creameries that manufacture we go to the brokers.

Mr. THATCHER: In the sixth column of Exhibit 3 that shows the difference between your sales price and purchase; is that correct?

Mr. WARNER: Which column?

Mr. THATCHER: Column 6.

Mr. WARNER: That is right.

Mr. THATCHER: When the ceiling was on, that is, during the first six months of 1947, I notice your mark-up was somewhat less than it was in the last six months after the ceiling had been taken off. In other words, your company from June to December took a bigger differential than it did in the first six months.

Mr. WARNER: Right. We followed the market. Our policy is to follow the market.

Mr. THATCHER: But your profits on butter then would be greater in that period than they were?

Mr. WARNER: To answer your question definitely, yes, they would, but it still did not wipe out our losses in the earlier period. We work on a year's business.

Mr. IRVINE: Can you tell me this in that connection? How many creameries broke in Canada each year?

Mr. WARNER: I do not know.

Mr. IRVINE: Judging from the balance sheets we see here they would all have broken every year. I cannot understand this. Do you know what proportion of these creameries go broke as compared to merchants, let us say.

Mr. WARNER: I have no knowledge of that.

Mr. THATCHER: Did your company make any representations to the government in the past year asking that the butter ceiling should be removed?

Mr. WARNER: Only as our company is a member of the National Dairy Council. We belong to the National Dairy Council.

The CHAIRMAN: You were not very strong about it?

Mr. WARNER: No. Of course, looking back you can always second guess and Monday morning quarter-back very well. Perhaps it would have been well if the ceiling had not been removed when it was but personally I was in favour of it at the time.

Mr. FLEMING: In favour of keeping them on or taking them off?

Mr. WARNER: Taking them off, letting supply and demand find its level and see how bad it was going to be. We know now.

The CHAIRMAN: That would be your view, I take it?

Mr. FLEMING: Are you calling me as a witness? I would be delighted to give a lot of evidence.

Mr. WARNER: I want to be fair to Mr. Taylor. I thought he was doing the right thing. Today I think it would have been better if it had not been taken off.

Mr. THATCHER: You think it would have been better off?

Mr. WARNER: Quarter-backing on Monday morning you see what you should have done, so I say now my judgment was wrong. I think we should have left it on.

Mr. THATCHER: Do you think the ceiling today is too high?

Mr. WARNER: No. There should be a ceiling. There should be rationing.

Mr. THATCHER: You would favour butter rationing?

Mr. WARNER: Absolutely.

Mr. FLEMING: Favour what?

Mr. THATCHER: Butter rationing.

Mr. WARNER: If you could see one of our managers and hear the telephoning and the people complaining because we cannot give them butter—why should we have to take all the blame?

Mr. FLEMING: The government should share it with you.

Mr. IRVINE: Let the government take the blame. You are in favour of rationing?

Mr. WARNER: I am in favour of rationing going back on.

The CHAIRMAN: Let us have some evidence and no political speeches.

Mr. MONET: I was going to ask you some questions on that, but we will finish with this part of the question right now. Have you got any butter on hand now? That has been asked of previous witnesses.

Mr. WARNER: At the end of March we had 145,000 pounds.

Mr. MONET: Is that mentioned in one of your exhibits?

Mr. CHARDE: No, it is not.

Mr. MONET: That is why I am asking. What is the amount you had?

Mr. WARNER: Ten day's supply, 145,000 pounds.

Mr. MONET: When was that?

Mr. WARNER: The first of March.

Mr. CHARDE: Pardon me, March 31.

Mr. MONET: Which means you are practically out of it now?

Mr. IRVINE: He is making butter all the time.

Mr. MONET: You have been making butter since then?

Mr. CHARDE: That represents ten day's supply.

Mr. MONET: At the present time have you still got about ten day's supply?

Mr. CHARDE: I could not tell you.

Mr. MONET: You would not have more than that?

Mr. WARNER: No. We are trying to buy butter. We cannot buy it. I inquired from one of our operations, and they are giving butter to the milk salesmen twice a week.

Mr. MONET: Are you in a position to supply your customers with their full requirements?

Mr. WARNER: No, about one-third.

Mr. MONET: How long do you expect this is going to last?

Mr. WARNER: May 1, I think I will agree with the other witnesses, May 1.

Mr. MONET: By May 1 you should be able to give them all the butter they want?

Mr. WARNER: I think so.

Mr. THATCHER: For how long?

Mr. WARNER: It depends whether or not it is rationed.

Mr. THATCHER: Ordinarily if it is not rationed when will the shortage start again?

Mr. WARNER: It will start next year a little earlier if conditions stay the way they are.

Mr. THATCHER: Would that be about October?

Mr. WARNER: No, I would think along after the first of the year.

Mr. MAYHEW: If you rationed it you could not give them what they wanted?

Mr. WARNER: No, but that takes the monkey off our back.

Mr. MAYHEW: You do not want it on your back.

Mr. THATCHER: Would you say that in the near future we are facing butter rationing, or importation of butter or oleomargarine?

Mr. WARNER: I do not know anything about the last one; I will say, the first two.

The VICE-CHAIRMAN: Oleomargarine is a fighting word anyway.

Mr. WARNER: Most anywhere, yes.

Mr. MONET: Well then, Mr. Warner, will you tell the committee—I think you can be quite brief on this from what you have already said—was the manufacture of butter a profitable operation before control?

Mr. WARNER: I can only state the company policy again, I think that will answer your question. We are getting out of the creamery business, we only have one creamery now. We would not have even that one creamery if we could be sure of buying all our supply of butter. That is our official position.

Mr. MONET: And I think you told us that you are buying 80 per cent of your requirements and only manufacturing about 20 per cent?

Mr. WARNER: Correct. And may I add, we would purchase 100 per cent if we were sure we could get our supply.

Mr. MAYHEW: What products are you making at the present time?

Mr. WARNER: Besides the Canadian fluid milk market we produce all the evaporated milk we can.

Mr. MONET: Has there been any increase in the cost of production during the last year?

Mr. WARNER: I think Mr. Charde could answer that better than I.

Mr. CHARDE: May I answer that by saying, yes?

Mr. MONET: Yes. If you say the answer is, yes, then I will ask you if you could give me a detailed answer to that.

MR. WARNER: While Mr. Charde is looking that up, Mr. Chairman, may I say that he is the boy I ask my questions of. That is where I have to go to get my answers, so on these points you might as well go ahead and ask him first.

MR. MONET: Then maybe we will give you a rest and ask Mr. Charde a few questions. Would Mr. Charde give us the information under the second heading, what are the increases in the cost of production, what do they include?

MR. CHARDE: I am pleased with that recommendation by Mr. Warner, but I doubt if I have the figures on production costs on butter with me.

MR. MONET: Have you got some figures that you could give on part of it while you are here before the committee, and then we can get the rest of it from you at some other time.

MR. CHARDE: I think, Mr. Monet, I am forced to say that I do not have these costs of manufacturing butter here.

MR. MONET: You do not have them?

MR. CHARDE: No. I can tell you what our cost was for a pound of butter, including the butterfat and the ingredients that go into it; but I have no breakdown on it. I can certainly get it for you.

MR. MONET: Would you get it for us? We have had that information from other witnesses who have appeared before the committee and we would like to have it from your company so that it will be on the record for purposes of comparison.

MR. CHARDE: We could do that, and we will do it very quickly.

MR. MONET: And you will send it to me so that I can file it with the committee?

MR. CHARDE: Yes.

MR. THATCHER: Mr. Chairman, may I put this question to Mr. Warner? Suppose this committee should decide that the price of butter was just we will say 10 cents too high and recommended that the price ceiling on butter be dropped to 10 cents.

MR. FLEMING: This committee cannot recommend anything. It is only a fact-finding committee.

MR. THATCHER: All right, then I will reword my question. Suppose the price ceiling should be put down 10 cents, were it put down 10 cents, what effect would that have; and, suppose the same thing applied to cheese?

MR. WARNER: You mean put everything down?

MR. THATCHER: Yes.

MR. WARNER: It is a matter of comparison. If everything went down it would not make any difference.

MR. THATCHER: The point I am getting at is, it would not mean that you would not get a lot less butter?

MR. WARNER: It would mean with a lower price the farmer would try to produce something that would pay him better than the lowered price on butter.

MR. THATCHER: Would you say that it would not hurt the dairy industry greatly as far as production goes?

MR. WARNER: I think it would hurt the production of milk.

MR. IRVINE: I think Mr. Thatcher said that if it were lowered all around it would not make any difference.

MR. WARNER: That is correct, except that the lower price would affect production—a lowered price on everything.

MR. THATCHER: If everything was lowered it would be exactly the same.

MR. WARNER: Including hogs?

MR. FLEMING: Yes, with lowered wages and everything else.

Mr. JOHNSTON: Would we not get to the place where the farmers would not produce any more?

Mr. WARNER: That is the point I was getting at.

Mr. THATCHER: Certainly the thing would work out—

Mr. JOHNSTON: It is not fair to say that if you reduced prices it would not affect production.

Mr. WARNER: It would affect production, but not competition.

Mr. JOHNSTON: It would affect production though?

Mr. WARNER: I am sure it would.

Mr. JOHNSTON: You would get it down to the point where the farmers just would not produce it. They would go into something else?

Mr. FLEMING: They might go out of farming.

Mr. JOHNSTON: They would all want to become members of parliament then.

The VICE-CHAIRMAN: Mr. Charde, just a few minutes ago Mr. Monet was talking about the increase in costs, and your response was, you did not have that information with you.

Mr. CHARDE: That is right.

The VICE-CHAIRMAN: What about the picture in between purchase and sale? What about your costs in between purchase and sale? Have they been going up; and, if so, what are the details there?

Mr. CHARDE: We show that on our Exhibit 1.

The VICE-CHAIRMAN: That is in your units, in gross margin on your unit; then over in the next column, under the next heading, is "other expense".

Mr. CHARDE: That is right, that is an average for the year of .0392 cents per unit. In 1947, those same expenses were .0448 per unit.

The VICE-CHAIRMAN: And stayed there from the end of the year until now?

Mr. CHARDE: That is right, and I am referring you to our exhibit 2, in which we show the year 1940, at which time it cost us .0284, so that our cost has gone up.

The VICE-CHAIRMAN: Between .02 and .044?

Mr. CHARDE: That is right, in that period.

The VICE-CHAIRMAN: Are there many things included in the expression "other expense"?

Mr. CHARDE: I would say that almost exclusively that expense would be administrative.

The VICE-CHAIRMAN: I see. Then the other heading, "other expense", might be almost expressed as selling and administrative cost?

Mr. CHARDE: I think so.

The VICE-CHAIRMAN: And have delivery, selling and administrative expenses contributed about equally to this increase which you have remarked as between .02 at the commencement of 1940, and .044 at the present time?

Mr. CHARDE: I would definitely say not.

The VICE-CHAIRMAN: They all contributed—

Mr. CHARDE: Equally?

The VICE-CHAIRMAN: Equally?

Mr. CHARDE: No.

The VICE-CHAIRMAN: Or would you put it this way, they have contributed proportionately?

Mr. CHARDE: I would say, no.

The VICE-CHAIRMAN: Where in among these three are we to find the largest increase?

Mr. CHARDE: I think to answer that question we should make a composite of the delivery and selling. That is the term that is used. It is very difficult for a milk dealer to draw a line between delivery and selling.

The VICE-CHAIRMAN: You will have to treat them as one category?

Mr. CHARDE: Yes, and in that category is where considerable increase has occurred.

The VICE-CHAIRMAN: I see, and the administrative—there is very little contributed by it to this increase that we have been speaking about; is that a correct statement?

Mr. CHARDE: I would think I could definitely say that on a per-pound basis.

The VICE-CHAIRMAN: I see.

Mr. CHARDE: And because the volume of increase applied in sales has I believe worked out fairly evenly with administrative.

The VICE-CHAIRMAN: Yes, I see. I think you have answered my question sufficiently. I did not think it was necessary to get the precise decimal point for all these commodities that you have given us, but the general picture as to whatever increase there has been has been in delivery and selling.

Mr. MAYHEW: Mr. Chairman, I have an appointment now, for 12.30. If I go you will not have a quorum.

The VICE-CHAIRMAN: I understood someone to say that the adjournment was on the agenda for 12.30. Could someone tell me that?

Mr. MONET: I shall make it very short, Mr. Chairman. There could be quite a few questions, but I can shorten it up and we can depend on the information which has been supplied to us in this statement I have before me. I would just like to say this, that Mr. Warner has been here four days last week and throughout this week, and if we cannot finish with him this morning it means that he will have to be back here on Monday. I am going to suggest this, that as he has given this information in his exhibit 4, in very complete form I would be satisfied to leave it to the members of the committee to examine the exhibit and draw their own conclusions.

The VICE-CHAIRMAN: Just a moment, on this Exhibit 4; is that Exhibit 4, on the record?

Mr. MONET: Yes, that exhibit 4, was filed with the brief submitted by Mr. Warner as part of Exhibit No. 73, and it gives us the whole information as to stored butter. I will have a few questions to ask on this to clarify the view point, but I am quite sure that the members of the committee would be able to find there all the information they need.

The VICE-CHAIRMAN: Well, gentlemen, I think we can manage to conclude with this witness in just a few minutes and then we will be able to release him. Would that be agreeable?

Some Hon. MEMBERS: Agreed.

The VICE-CHAIRMAN: Mr. Fleming has a few questions.

Mr. FLEMING: just one question which comes from a remark made earlier I think by Mr. Charde. He said that the percentage of butter sold direct to the consumer was 57 per cent and that to wholesale outlets was I understood him to say, 43 per cent?

Mr. CHARDE: That is right.

Mr. FLEMING: That is the percentage today. I wonder if Mr. Charde could tell us what the trend, if any, has been over the past say two years?

Mr. WARNER: Perhaps I can answer that from a policy standpoint. The policy has been to look after our customers in equal proportions, and if we were rationing one we were rationing all.

Mr. FLEMING: And when you say "customers", you mean retail and wholesale?

Mr. WARNER: That is right.

Mr. FLEMING: And then I wanted to ask you if there has been any trend during the last couple of years in that percentage one way or the other?

Mr. WARNER: No, I do not think so.

(Hon. Mr. Martin resumes the chair)

Mr. MONET: Now, Mr. Warner, I have one or two questions. I see there is still a quorum but I hope we will be through by 1 o'clock any way. Would you refer now, Mr. Warner, to your Exhibit No. 4, what you have listed as your Exhibit No. 4. I will ask you to refer with me to that when I ask you to do so, also to Exhibit 1—that relates to storage butter?

Mr. WARNER: Yes.

Mr. MONET: Your Exhibit 4, gives a detailed statement of your storage butter or the year 1947; giving the names of the brokers, the number of pounds purchased, the price, the total volume and the date of purchase?

Mr. WARNER: That is right.

Mr. MONET: And the date of purchase there, am I to take it that that is the date of the purchase or the date that the butter was stored?

Mr. WARNER: That is the date of purchase, the date of the invoice.

Mr. MONET: And I presume that it would be stored immediately.

Mr. WARNER: Correct.

Mr. MONET: Now that gives a total of 808,042 pounds of butter stored, what was all butter stored by you last year?

Mr. WARNER: Well, there was some made at Ottawa stored.

Mr. MONET: Beside that?

Mr. WARNER: Beside that.

Mr. MONET: Can you give us the amount that was stored in Ottawa?

Mr. CHARDE: I can say this, that never at any time did we have more than 3,000 pounds on hand of our own butter, stored butter.

Mr. IRVINE: Do you store butter for other people?

Mr. CHARDE: No.

Mr. MONET: And I take it that the date September 30, which was the last date mentioned in Exhibit 4—that at that time you had in storage 50,000 pounds of butter in Ottawa?

Mr. CHARDE: I think that is a reasonable assumption.

Mr. MONET: So that at that time your total holdings would be 58,000 pounds of storage butter altogether?

Mr. CHARDE: Correct.

Mr. MONET: And the average price for this storage butter I understand 52.88 cents a pound, shown in your Exhibit 4, the average price for all of this storage butter?

Mr. CHARDE: That is right.

Mr. MONET: Can you give us the cost of the extra 50,000 pounds of butter stored at Ottawa to which you have referred, so that we will have the complete picture? Would that be put in at approximately the same average figure?

Mr. CHARDE: Being made in the same period I would assume that the price would be the same.

Mr. MONET: It would have been made between May 30, which was the first date on which you store butter according to this statement, and September 30, which is the last date?

Mr. CHARDE: I would assume that it would average about the same price.

Mr. MONET: Now, I want to refer you to Exhibit 1. You had this butter on hand at the end of September, and then you took it out to sell. If you will refer to Exhibit 1, I take it that you sold this butter during the months of September, October, November, December, January and February?

Mr. WARNER: That would be reasonably correct.

Mr. MONET: And this butter would be sold by the end of February, you would hardly have any butter left. I refer you to your Exhibit 1, column 3; am I to take it that the butter sold in September was sold at 64.46 cents?

Mr. CHARDE: That is right.

Mr. MONET: And in October, 63.28?

Mr. CHARDE: Correct.

Mr. MONET: And in November, 64.08?

Mr. CHARDE: Correct.

Mr. MONET: And December, 68.80?

Mr. CHARDE: Correct.

Mr. MONET: January, 71.70?

Mr. CHARDE: That is right.

Mr. MONET: February, 70.50?

Mr. CHARDE: Correct.

Mr. MONET: Now, all this butter sold at these prices you have just mentioned was butter that cost you an average of 52 cents a pound?

Mr. WARNER: No, the actual cost—I think you will find those figures in the fifth column. We were buying butter and we were taking it out of storage. We have no separate storage account.

Mr. MONET: I want to get this very clear. On your Exhibit 4, you give 52.88 cents per pound as the average over the year for storage butter. Is that correct, according to your Exhibit 4?

Mr. CHARDE: That is right.

Mr. WARNER: That is right.

Mr. MONET: So that I am right when I say that all the butter stored cost you an average of 52.88 cents?

Mr. WARNER: Correct.

Mr. MONET: And all this butter was sold at a period when the price ranged between 71 cents and 64 cents?

Mr. JOHNSTON: Does that include the storage charges?

Mr. MONET: I am coming to that; but I wanted to know whether that is not your gross profit. I am quite sure it would be gross, but I wanted to know?

Mr. WARNER: That is gross profit.

Mr. MONET: Yes; and the price some of this butter was sold at would be 71.70 cents?

Mr. WARNER: That is right.

Mr. MONET: And it cost you 52.88 cents?

Mr. WARNER: No, that is storage butter.

Mr. MONET: Did the storage butter cost you that?

Mr. WARNER: That is right.

Mr. MONET: What charges did you have to make against this gross profit to arrive at the net profit on your storage butter?

Mr. CHARDE: We would have our regular selling and delivery expense.

Mr. MONET: Can you break that down for us?

Mr. CHARDE: The amount we show here is .0448 cents.

Mr. MONET: Where do you show that?

Mr. CHARDE: At the bottom of the page.

Mr. MONET: Yes. Were there any other charges?

Mr. CHARDE: We would have storage, insurance—we would have the cost of cutting the butter.

Mr. MONET: Do you operate your own storage plant?

Mr. CHARDE: No, all of this butter was stored outside.

Mr. MONET: It was stored outside?

Mr. CHARDE: Correct.

Mr. MONET: What is the cost of storage?

Mr. CHARDE: I understand the cost is half a cent per month.

Mr. MONET: So, beside that—

Mr. CHARDE: Plus the insurance.

Mr. MAYHEW: That includes insurance, does it not?

Mr. CHARDE: Yes.

Mr. MONET: And the half cent will include insurance?

Mr. CHARDE: That is right.

Mr. MONET: What rate of interest do you charge?

Mr. CHARDE: We do not charge any.

Mr. MONET: I am asking you that because some of the other witnesses said they do, but you do not?

Mr. CHARDE: No.

Mr. MONET: There is no set rate, for instance?

Mr. CHARDE: No.

Mr. MONET: Can you figure out and tell members of the committee what was your profit on your storage butter as listed in your Exhibit 4?

Mr. CHARDE: Well, Mr. Monet, in providing this statement, during these latter months in which you see we sold storage butter, during these months we also purchased churning butter and sold it, and the figures we have given you here is the cost of butter both storage and purchased during those months. We have not divided our figures to show the storage butter by itself.

Mr. MONET: No, but we have here the statement that the storage butter cost you an average of just over 52 cents per pound; is that right.

Mr. CHARDE: That is right.

Mr. MONET: Yes, and we have also had evidence that you sold butter at prices which varied between 63.28 and 71.70?

Mr. CHARDE: That is right.

Mr. JOHNSTON: Is that all storage butter you are speaking of? Are you speaking of storage butter or storage and current production?

Mr. MONET: I am talking only of storage butter and what is listed on Exhibit No. 4. Now there is a gross margin of profit there?

Mr. CHARDE: That is right.

Mr. MONET: As against that gross margin you have given the members of the committee the charges to be made. Now would you give us the net profit on your storage butter? I am talking only of storage butter listed on Exhibit No. 4.

Mr. WARNER: I do not see how Mr. Charde can say when that was sold. As we run short of butter it might be taken out of storage at any time. The storage butter is only part of our general inventory of butter which is on hand and which has cost us so much. It is an average price or cost of the butter that we calculate. I think perhaps Mr. Charde could give you a rough estimate of the profit but I cannot see how he can say when a certain pound of butter was sold.

Mr. MONET: No, but this is butter that you had on hand at the end of September. Your Exhibit 1 shows that you had 1,000,000 or so pounds of butter on hand.

Mr. WARNER: Yes.

Mr. MONET: You had 1,010,237 pounds.

Mr. CHARDE: That is right.

Mr. MONET: Well in that 1,000,000 pounds of butter you have included the 808,042 pounds to which we referred a moment ago?

Mr. WARNER: Well we had to use some of that butter. I remember that the boys had to pull some butter out of storage in August because we could not get enough current butter. These other gentlemen who appeared on the stand seemed to run a separate storage account. We do not do that; we buy butter and put it away. We pay for it and add it to our inventory so that our inventory represents an average cost of butter whether it is from current purchases or from storage.

Mr. MONET: Well is it not possible for you to answer the question which I asked? If you cannot answer it today is it possible that you could give us the information later?

Mr. WARNER: Mr. Charde and I discussed it in my office for two hours and I told him the same thing that I am telling you now. I told him that when he could tell me the date that the butter was sold he could prepare a statement as to how much the profit was but I defied him and I defy anyone else to give me that figure.

Mr. MONET: Because you do not keep a separate account?

Mr. WARNER: That is right.

Mr. MONET: It is the way in which you keep your books that is responsible for your inability to tell the members of the committee the exact profit made on your storage butter?

Mr. WARNER: Right.

The CHAIRMAN: You said awhile ago, Mr. Warner, that you could give an approximate figure?

Mr. WARNER: I think that after Mr. Charde and I go back to the office we could prepare something and write you. We certainly made extra money on the storage butter as the other boys did, and it was an abnormal amount, but even at the end of the year we are still in red figures in our butter department. We will figure it out the best way we can and send it to you.

Mr. MONET: It is because of the way that you keep your accounts that you cannot give the information to the members of the committee? If you can go back and give us an approximate figure we would appreciate it.

Mr. WARNER: We will give it as accurately as we can.

Mr. CHARDE: I would like to say that even though we were able to give that figure it would not in any way change our net income figures. The result might be that a profit would be transferred from the month of August to the month of September but over the year the result to the very cent would be the same.

Mr. MONET: I understand that the result for the yearly operation would be the same.

Mr. CHARDE: Exactly the same.

Mr. MONET: But you have no way of telling us now what profit you made on storage butter?

Mr. CHARDE: No.

Mr. MONET: Some of the witnesses have divided their accounts into creamery butter, wagon butter, and storage butter but the method in which you keep your books does not allow you to give the figure?

Mr. CHARDE: No.

Mr. MONET: I have no further questions.

The CHAIRMAN: If there are no other questions we will go into executive session right now.

The meeting adjourned to go into executive session.

APPENDIX

Translation of M. Bernier's evidence

Mr. David Bernier, butter-man, recalled:

The CHAIRMAN: Mr. Fleming, you have no questions? Have you any questions Mr. Thatcher?

By Mr. Fleming:

Where are the French-speaking members of the committee?

The CHAIRMAN: They worked very hard yesterday and showed tremendous energy.

By Mr. Monet:

Q. Mr. Bernier, when Mr. Gauthier bought that butter was it in the agreement between you and them that the sale was conditional, in other words was it agreed that you would take back the butter they had bought from you, had they not been able to place it?—A. No sir.

Q. There was no mention of that whatever?—A. No, sir.

Q. Then what has been said between you and them on the subject of cancelling their contract for purchase when they saw you after discontinuing to give butter as a premium?—A. They asked if I would take the butter back and I said I would.

Q. And then they paid for the quantity of butter they had actually received?—A. I gave them back the cheque for the amount of \$3,864 they had already given to me.

Q. Then, Mr. Bernier, when the sale took place it was never mentioned that you would take back some of that butter if they were unable to dispose of it all? Nevertheless you were asked not to deposit the cheque at the Bank?—A. Yes, sir.

Q. Why have they asked you not to deposit the cheque at the bank?—A. Probably—

Q. No, not probably.—A. I do not know. I was asked to wait two or three days to present it at the bank.

Q. How have they asked you to wait. It is a rather rare practice in your business to wait, is it not?—A. It happens.

Q. It happened, but has it happened when such a large amount was involved?—A. Not often, but it has happened.

Q. You did not ask them why they asked you to wait?—A. I did not ask them.

Q. You asked no question whatever on that score?—A. No, sir.

Q. You received a cheque for \$3,864, and they asked you not to cash it, yet you asked no question?—A. No, sir.

Q. Is it the usual practice to make deals of that kind?—A. To keep a cheque without depositing it?

Q. Yes.—A. No, sir.

Q. It was the first time it happened with a cheque involving such a large amount?—A. No, sir.

Q. Can you state other cases in which it happened?—A. Well, in the case of a brother of mine who bought butter from me.

Q. When was that?—A. Last autumn.

Q. Was it for a large amount?—A. For six or seven thousand dollars.

Q. He was your brother?—A. Yes, sir.

Q. Is he in the butter business?—A. Yes, sir.

Mr. FLEMING: Louder, please.

Mr. MONET: That is all, I have no further questions.

Canada Prices, Special Committee on, 1947-48
(SESSION 1947-48

HOUSE OF COMMONS

CAL 762
48795
SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 35

MONDAY, APRIL 12, 1948

WITNESSES:

- Mr. A. E. Millard, President and General Manager, Swift Canadian Company, Limited, Toronto, Ont.
Mr. E. M. Raney, Manager, Dairy and Poultry Operations, Swift Canadian Company, Limited, Toronto, Ont.
Mr. N. E. Landon, Secretary, Swift Canadian Company, Limited, Toronto, Ont.
Mr. K. H. Olive, President, Olive & Dorion, Limited, and President, Canadian Commodity Exchange, Montreal, Que.
Mr. A. J. E. Child, Assistant Treasurer, Canada Packers, Limited, Toronto, Ont.
Mr. Ford Wiggins, Manager, Produce Department, Canada Packers Limited, Toronto, Ont.
Mr. S. Prescott, Manager, Halifax Branch, Canada Packers Limited, Halifax, N.S.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.P.H.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948



MINUTES OF PROCEEDINGS

MONDAY, April 12, 1948.

The Special Committee on Prices met at 11.00 a.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Harkness, Irvine, Johnston, Lesage, Thatcher, Martin, Maybank, Mayhew, Winters.

Mr. Fabio Monet, K.C., Counsel to the Committee, in attendance.

Mr. A. E. Millard, President and General Manager, Mr. E. M. Raney, Manager, Dairy and Poultry Operations, and Mr. N. E. Landon, Secretary, Swift Canadian Co., Limited, Toronto, were called, sworn and examined.

Mr. Millard filed,

Exhibit No. 75—Series of six statements covering butter operations by Swift Canadian Co., Limited, (*Printed in this day's Minutes of Evidence*).

Exhibit No. 76—Statement of storage butter operations, season 1947-48, Swift Canadian Co., Limited. (*Printed in this day's Minutes of Evidence*).

During proceedings, Mr. Maybank took the Chair in the temporary absence of the Chairman.

Witnesses discharged.

Mr. K. H. Olive, President, Olive & Dorion, Limited, and President, Canadian Commodity Exchange, Montreal, Que., was called, sworn and examined. He filed,

Exhibit No. 77—Series of statements on butter operations by Olive & Dorion, Limited. (*Printed in this day's Minutes of Evidence*).

At 1.00 p.m. witness retired and the Committee adjourned until 4.00 p.m. this day.

AFTERNOON SITTING

The Committee resumed at 4.00 p.m., the Vice-Chairman, Mr. Maybank, presiding.

Members present: Messrs. Beaudry, Harkness, Irvine, Johnston, Lesage, Thatcher, Martin, Maybank, Mayhew, Pinard, Winters.

Mr. Fabio Monet, K.C., Counsel to the Committee, in attendance.

Mr. Olive was recalled and further examined. He filed,

Exhibit No. 78—Statement entitled "Why did prices of butter advance?" (*Printed in this day's Minutes of Evidence*).

Exhibit No. 79—Statement entitled "Who benefited by increase (in price of butter)?" (*Printed in this day's Minutes of Evidence*).

Witness discharged.

Mr. A. J. E. Child, Assistant Treasurer, Mr. Ford Wiggins, Manager, Produce Department, Canada Packers Limited, Toronto, and Mr. S. Prescott, Manager, Halifax Office, Canada Packers Limited, were called, sworn and examined.

Mr. Child filed,

Exhibit No. 80—Invoice No. 85654, dated March 9, 1948, from Canada Packers Limited, Halifax, to Valley Creamery Limited, Kingston, N.S., for 400/56 boxes western butter solids, at 65c., total \$14,560.00. (*Printed in this day's Minutes of Evidence*).

Exhibit No. 81—Invoice Valley Creamery Limited, Kingston, N.S., to Canada Packers Limited, Halifax, N.S., dated March 19, 1948, for 415 cs. White Lily Butter, 22,400 lbs. at 67c., total \$15,020.60 including freight charges \$12.60, and attached Canada Packers Limited receiving voucher (in duplicate) dated March 23, 1948.

Witnesses retired.

On motion of Mr. Thatcher,

Resolved,—That the morning sitting of Tuesday, April 13, be cancelled.

At 6.00 p.m. the Committee adjourned until Tuesday, April 13, at 4.00 p.m.

R. ARSENAULT,
Clerk of the Committee

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

April 12, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Chairman, Hon. Paul Martin, presided.

The CHAIRMAN: The meeting will please come to order.

Mr. MONET: Mr. Millard, of Swift Canadian Company will be the first witness.

The CHAIRMAN: I am going to ask the members of the committee to try to be here on time. When the members are not on time it holds the committee up, and it is not fair to the other members of the committee who are here. If a member cannot be here, we ought to have some arrangement whereby we are notified. The clerk informs me that a number of the members of the committee are out of town this morning. I realize every member has certain obligations but if we could be told ahead of time what those obligations are, arrangements could be made to have a quorum present. This is the second time I have had to make this appeal and I am not going to do it a third time.

Mr. WINTERS: The appeal should be made to those who are not here, too.

The CHAIRMAN: I am making it to those who are not here.

A. E. Millard, President and General Manager, Swift Canadian Company, Ltd., called and sworn.

E. M. Raney, Manager, Dairy and Poultry Operations, Swift Canadian Company, Ltd., called and sworn.

N. E. Landon, Secretary, Swift Canadian Company, Ltd., called and sworn.

Mr. MONET: Mr. Millard, would you give your full name, please?

Mr. MILLARD: Albert Earl Millard.

Mr. MONET: And your occupation?

Mr. MILLARD: President and General Manager, Swift Canadian Company.

Mr. MONET: The head office of the Swift Canadian Company Limited is in Toronto?

Mr. MILLARD: 1960 St. Clair Avenue.

Mr. MONET: Mr. Raney, would you give your full name, please?

Mr. RANEY: Ellery M. Raney.

Mr. MONET: And your address?

Mr. RANEY: 377 Parkside Drive, Toronto.

Mr. MONET: Your position in the Swift Canadian Company?

Mr. RANEY: Manager, dairy and poultry branch.

Mr. MONET: Mr. Landon?

Mr. LANDON: Norman E. Landon.

Mr. MONET: Your address?

Mr. LANDON: 27 Mossom Road, Toronto.

Mr. MONET: Your occupation?

Mr. LANDON: I am secretary of the company.

Mr. MONET: Secretary of the Swift Canadian Company Limited?

Mr. LANDON: Right.

Mr. MONET: There have been a lot of questions asked of the previous witnesses relating to the background of the industry, and I think all that general information has been put in evidence. I am planning, therefore, to limit my questioning of Mr. Millard and the officers of the Swift Canadian Company, to the information the company has submitted to the committee. The statement containing this information will be filed as exhibit 75.

Mr. Millard, this document containing the information requested as well as some other information, which will be marked as exhibit 75, I take it is the report submitted by the Swift Canadian Company Limited?

Mr. MILLARD: That is correct.

Mr. MONET: Before dealing with this statement, would you give the committee the date of the incorporation of the Swift Canadian Company Limited?

Mr. MILLARD: January 2, 1911.

Mr. MONET: When does your fiscal year end?

Mr. MILLARD: At the end of October of each year.

Mr. MONET: Is the company affiliated with any other company?

Mr. MILLARD: We are a wholly owned subsidiary of the Swift Company of Chicago.

Mr. MONET: Any subsidiaries in Canada?

Mr. MILLARD: No, sir.

Mr. MONET: Mr. Millard, have you a statement with you showing the price you paid for butterfat on June 1, 1947, and the first of each month since June 1947?

Mr. MILLARD: I think Mr. Raney has some figures on butterfat.

Mr. MONET: Mr. Raney, would you give that information?

Mr. RANEY: I am taking one of our Ontario dairy and poultry points.

Mr. MONET: Which one is that?

Mr. RANEY: Hanover, Ontario. On June 1, 52 cents; on July 1, 55 cents; on August 1, 57 cents; September 1, 63 cents; October 1, 63 cents; November 1, 64 cents; December 1, 67 cents; January 1, 76 cents; those prices are for No. 1 cream delivered at the door.

Mr. MONET: To the creamery?

Mr. RANEY: That is right.

Mr. MONET: What would be the cost of hauling cream to the factory?

Mr. RANEY: It would depend entirely on the season of the year. It is entirely a volume matter. There are seasons when it would be very reasonable in cost and other times when it would be very, very high.

Mr. MONET: I see, Mr. Raney, from the figures you have just given that between December and January there was quite a substantial increase, from 67 cents to 76 cents. Could you give the committee some information as to why there was that increase?

Mr. RANEY: It was due to the advance in the butter market.

Mr. MONET: From December to January?

Mr. RANEY: Yes, sir.

Mr. MONET: From the information we have already had, it would seem there were some other large increases before that time and you do not seem to have those noted?

Mr. RANEY: Well, the figures I gave you are the actual figures.

Mr. MONET: What you paid for the butter fat?

Mr. RANEY: Yes.

Mr. JOHNSTON: How would that compare with the other points?

Mr. RANEY: You mean our other points?

Mr. JOHNSTON: Yes.

Mr. RANEY: Substantially the same, Mr. Johnston.

Mr. JOHNSTON: Your cost of delivery would vary in the same regard, would it?

Mr. RANEY: That is right.

Mr. MONET: Now, Mr. Millard, you were asked, as were all the other dairies, to submit some information to the members of the committee. I understand you did not submit the information as requested, but submitted it in another form which tends to give practically the same information as requested. Could you tell the members of the committee why your company could not give the information in the form requested?

Mr. MILLARD: We had different accounting methods employed in the three divisions of our business effected and the records, in most cases, have been destroyed prior to 1943, such as purchase vouchers, distribution of purchase vouchers, sales tickets, distribution sales tickets and inventory records. We came up with this report which I have submitted as being the very best we could do under the circumstances.

EXHIBIT No. 75:—Statements by Swift Canadian Company Limited re butter.

SWIFT CANADIAN COMPANY LIMITED

Address: 1960 St. Clair Ave. W., Toronto.

Date of Incorporation: January 2, 1911.

Relationship with Other Companies: The company has no operating subsidiary companies but is itself a wholly-owned subsidiary of Swift & Company, Chicago.

Address of branches and plants handling butter:

Creameries—O'Leary, P.E.I.; Belleville, Ont.; Stratford, Ont.; Hanover, Ont.; Winnipeg, Man.; Neepawa, Man.; Dauphin, Man.; Melville, Sask.; Moose Jaw, Sask.; Calgary, Alta.; Edmonton, Alta.

Plants—Moncton, N.B.; Toronto, Ont.; St. Boniface, Man.; Moose Jaw, Sask.; Edmonton, Alta.; New Westminster, B.C.

Branch Houses—Halifax, N.S.; Sydney, N.S.; Saint John, N.B.; Quebec City, Que.; Montreal, Que.; Ottawa, Ont.; Toronto, Ont.; London, Ont.; Windsor, Ont.; Rouyn, Que.; Sudbury, Ont.; Timmins, Ont.; Sault Ste. Marie, Ont.; Fort William, Ont.; The Pas, Man.; Yorkton, Sask.; Saskatoon, Sask.; Regina, Sask.; Calgary, Alta.; Nelson, B.C.; Kamloops, B.C.; Prince Rupert, B.C.; New Westminster, B.C.; Vancouver, B.C.; Victoria, B.C.

SWIFT CANADIAN CO. LIMITED

BUTTER RESULTS—ALL UNITS

For the Fiscal Years ended on or about 31st October, 1943 to 1947
and for the Eighteen Weeks ended March 6, 1948

	1943	1944	1945	1946	1947	1948 (18 weeks)
Creameries:						
Production (lbs.).....	7,889,451	7,433,482	6,185,433	5,345,241	4,666,261	657,988
Purchases (lbs.).....	6,623,471	5,863,092	3,759,672	4,740,423	3,419,647	632,338
Total (Transferred to plants and branch houses)	14,512,922	13,306,574	9,945,105	10,085,664	8,085,908	1,290,326
Sales (in lbs.):						
By plants.....	6,076,724	8,712,272	8,443,871	7,569,070	7,332,104	2,841,512
By branch houses.....	7,499,800	7,964,900	7,106,900	6,683,900	6,922,900	3,158,724
Total.....	13,576,524	16,677,172	15,550,771	14,252,970	14,255,004	6,000,236
Net earnings on butter operations:						
Creameries.....	*28,202	*49,665	*74,596	*33,364	*41,473	80,444
Plants.....	23,185	21,175	*4,247	*9,423	*28,251	62,280
Branch houses.....	15,365	18,576	29,152	14,589	*7,513	110,325
Total.....	10,348	*9,914	*49,691	*28,198	*77,237	253,049
Earnings—per lb.....	·0008	*·0006	*·0031	*·0020	*·0054	·0422

* means Loss.

STATEMENT 3

SWIFT CANADIAN CO. LIMITED

STORAGE BUTTER

Fiscal year	Swift Total storage	Average last in date	All Canada storage	Swift percentage of total
	lbs.		lbs.	%
1943.....	3,323,930	September	78,988,000	4·2
1944.....	2,652,826	September	67,994,000	3·9
1945.....	2,927,717	September	71,589,000	4·1
1946.....	2,747,250	August	68,811,000	4·0
1947.....	3,187,852	September	73,393,000	4·2
Average.....	2,967,915	.....	72,155,000	4·1

STATEMENT 4

SWIFT CANADIAN CO. LIMITED

Consolidated for each month of fiscal years 1943-1944-1945-1946-1947 and 1948 to date

Closing Inventory—lbs.
 Sales —lbs.
 Net earnings — \$

	Branch houses plants creameries	Branch houses plants	Branch houses plants creameries	Net earnings per lb.
	Closing inventory	Sales	Net earnings	
1943	lbs.	lbs.	\$	cts.
MONTH—				
November.....	566,685	1,194,366	8,426	.0071
December.....	396,012	832,587	*3,582	*.0043
January.....	307,768	817,620	1,344	.0016
February.....	448,884	859,533	*3,437	*.0040
March.....	395,234	861,963	*10,952	*.0127
April.....	399,295	1,126,557	*6,935	*.0062
May.....	741,821	1,345,888	1,728	.0013
June.....	2,109,643	1,089,946	7,984	.0073
July.....	3,423,200	1,086,680	6,314	.0058
August.....	4,374,502	1,438,026	4,071	.0028
September.....	4,177,638	1,330,593	3,979	.0030
October.....	3,680,371	1,592,765	1,408	.0009
Total.....		13,576,524	10,348	.0008
1944				
MONTH—				
November.....	2,848,257	1,797,532	3,858	.0021
December.....	1,684,735	1,289,775	1,704	.0013
January.....	1,454,462	1,276,754	*5,063	*.0040
February.....	882,953	1,734,307	*8,427	*.0048
March.....	621,832	1,417,204	*2,821	*.0020
April.....	456,849	1,212,887	*6,301	*.0052
May.....	475,672	1,449,772	*3,858	*.0027
June.....	1,381,641	1,158,413	5,717	.0049
July.....	2,628,837	1,242,990	*3,194	*.0126
August.....	3,206,038	1,456,576	3,835	.0026
September.....	3,115,505	1,327,964	5,859	.0044
October.....	3,099,788	1,312,998	*1,223	*.0009
Total.....		16,677,172	*9,914	*.0006
1945				
MONTH—				
November.....	2,634,034	1,443,259	5,373	.0037
December.....	2,174,418	1,238,701	*3,268	*.0026
January.....	1,759,562	1,221,428	*17,197	*.0141
February.....	1,043,764	1,470,141	*12,610	*.0086
March.....	524,819	1,164,066	*10,162	*.0087
April.....	363,339	1,126,593	*9,281	*.0082
May.....	554,564	1,371,679	940	.0007
June.....	1,235,695	1,039,950	3,491	.0034
July.....	2,521,943	1,215,994	6,179	.0051
August.....	3,290,524	1,518,514	*1,864	*.0012
September.....	3,400,386	1,298,336	1,461	.0011
October.....	3,353,103	1,442,110	*12,753	*.0088
Total.....		15,550,771	*49,691	*.0031

* Means loss.

SWIFT CANADIAN CO. LIMITED

Consolidated for each month of fiscal years 1943-1944-1945-1946-1947 and 1948 to date

Closing Inventory—lbs.
Sales —lbs.
Net earnings — \$

	Branch houses plants creameries	Branch houses plants	Branch houses plants creameries	Net earnings per lb.
	Closing inventory	Sales	Net earnings	
1946	lbs.	lbs.	\$	cts.
MONTH—				
November.....	2,650,148	1,776,899	1,180	*.0007
December.....	2,004,603	1,365,146	*5,132	*.0038
January.....	1,162,463	1,474,706	*12,545	*.0085
February.....	489,311	1,523,076	*12,383	*.0081
March.....	244,104	869,063	*6,807	*.0078
April.....	232,725	734,240	6,205	.0084
May.....	662,475	1,062,372	*8,958	*.0084
June.....	1,481,815	893,915	6,396	.0072
July.....	2,689,030	960,707	9,742	.0101
August.....	3,524,822	1,260,184	756	.0006
September.....	3,187,644	1,156,096	504	.0004
October.....	2,983,392	1,176,566	*7,156	*.0061
Total.....		14,252,970	*28,198	*.0020
1947				
MONTH—				
November.....	2,450,004	1,413,533	*3,856	*.0027
December.....	1,745,385	1,195,832	*12,190	*.0102
January.....	1,155,634	1,159,256	*22,753	*.0197
February.....	840,196	1,338,990	*25,137	*.0188
March.....	465,112	1,019,664	*15,128	*.0149
April.....	550,582	947,382	*14,827	*.0157
May.....	854,313	1,108,337	*3,092	*.0028
June.....	1,118,641	1,210,875	18,771	.0155
July.....	2,363,884	1,075,514	8,885	.0083
August.....	3,165,724	1,632,074	25,781	.0158
September.....	3,342,106	860,712	*1,562	*.0055
October.....	3,850,281	1,292,835	*32,129	*.0248
Total.....		14,255,004	*77,237	*.0054
1948				
MONTH—				
November.....	3,049,025	1,640,961	56,400	.0344
December.....	2,090,696	1,542,413	107,692	.0690
January.....	1,618,718	1,184,254	41,713	.0352
February.....	813,174	1,632,608	47,244	.0028
Total.....		6,000,236	253,049	.0422

* Means Loss.

STATEMENT 5

SWIFT CANADIAN CO. LIMITED
CLOSING INVENTORIES BUTTER BY MONTHS
Fiscal Years

—	1943	1944	1945	1946	1947	1948
MONTH—						
November.....	566,685	2,848,257	2,634,034	2,650,148	2,450,004	3,049,025
December.....	396,012	1,684,735	2,174,418	2,004,603	1,745,385	2,090,696
January.....	307,768	1,454,462	1,759,562	1,162,463	1,155,634	1,618,718
February.....	448,884	882,953	1,043,764	489,311	840,196	813,174
March.....	395,234	621,832	524,819	244,104	465,112	
April.....	399,295	456,849	363,339	232,725	550,582	
May.....	741,821	475,672	554,564	662,475	854,313	
June.....	2,109,643	1,381,641	1,235,695	1,481,815	1,118,641	
July.....	3,423,200	2,628,837	2,521,943	2,689,030	2,363,884	
August.....	4,374,502	3,206,038	3,290,524	3,524,822	3,165,724	
September.....	4,177,638	3,115,505	3,400,386	3,187,644	3,342,106	
October.....	3,680,371	3,099,788	3,353,103	2,983,392	3,850,281	

STATEMENT 6

SWIFT CANADIAN CO. LIMITED

STORAGE BUTTER OPERATIONS

Season 1947-48

Quantity Stored 3,187,852 lbs.

	cts.
Average cost per pound into storage.....	·5228
Average expense per pound.....	·0220
Total cost per pound.....	·5448
Average selling price per pound.....	·6405
Average profit per pound.....	·0957

Mr. MONET: Would you refer to statement No. 1 of Exhibit 75? I see you have listed in this statement your creameries, plants and branch houses?

Mr. MILLARD: Yes.

Mr. MONET: It would appear from this statement that the company has eleven creameries; is that correct?

Mr. MILLARD: Correct.

Mr. MONET: Six plants?

Mr. MILLARD: Correct.

Mr. MONET: And twenty-five branch houses?

Mr. MILLARD: Correct. We have another plant, but that plant does not handle any butter.

Mr. MONET: Where is that other plant?

Mr. MILLARD: Calgary; that was purchased in November, 1946, but it does not handle any butter.

Mr. MONET: It does not handle any butter?

Mr. MILLARD: No, sir.

Mr. MONET: Must we take it, then, that all the other plants listed here handle butter?

Mr. MILLARD: That is correct.

Mr. MONET: Would you tell the members of the committee what your operations are? I understand the creameries do manufacture butter.

Mr. MILLARD: They manufacture butter and purchase butter. It is transferred to our wholesale warehouses for sale and transferred to our plants for sale.

Mr. JOHNSTON: There are three transactions, therefore, are there?

Mr. MILLARD: I beg your pardon?

Mr. JOHNSTON: There are three separate transactions. The creamery sells butter to the branch houses and then the branch houses to the plants?

Mr. MILLARD: The creameries transfer the butter over to the plants or branch houses and they sell it to the retail dealers.

Mr. JOHNSTON: Does the creamery sell it to the branch house?

Mr. MILLARD: It is transferred at the market.

Mr. JOHNSTON: Is there a sales transaction carried on there?

Mr. MILLARD: It is an internal transfer.

Mr. JOHNSTON: With no charges attached?

Mr. MILLARD: Oh, yes, there are charges. It is charged at the market.

Mr. MONET: You said the creameries do manufacture butter and they also purchase butter?

Mr. MILLARD: That is right.

Mr. MONET: Would you be able to give the proportion of butter purchased and the butter manufactured by the creameries?

Mr. MILLARD: Well, on statement 2, 1943, shows 7,889,451 pounds produced and 6,623,471 pounds purchased.

Mr. MONET: Was that amount all produced or purchased by your creameries?

Mr. MILLARD: Yes, sir.

Mr. MONET: All the purchases are made by the creameries, is that correct?

Mr. MILLARD: Well no—you mean the butter churned and manufactured?

Mr. MONET: Yes.

Mr. MILLARD: No, sir, those are purchases from other creameries.

Mr. MONET: I understand that, but all the purchases by the company are made through the creameries?

Mr. MILLARD: No, the plants and branch houses make purchases also.

Mr. MONET: They are all included in this 6,623,471 pounds?

Mr. MILLARD: Not the plants and the branch houses.

Mr. MONET: That is for the creameries only?

Mr. MILLARD: The creameries only.

Mr. MONET: Then, on statement 2, do you show the purchases by the plants?

Mr. MILLARD: We could not get the information for the plants and branch houses because we did not have their records.

Mr. MONET: You could not?

Mr. MILLARD: No, sir.

Mr. MONET: So, what you have listed on statement 2, under the heading, "Total transferred to plants and branch houses" 14,512,922 pounds, is the figure for creameries only?

Mr. MILLARD: That is right, sir.

Mr. MONET: While you are dealing with this statement No. 2, I understand this is a recapitulation for your numerous branches, or is it just for your creameries?

Mr. MILLARD: It is a recap of our eleven creameries, and the sales are the sales of our six plants and the 25 wholesale branches.

Mr. MONET: This statement refers to your fiscal year ending October 31, last year?

Mr. MILLARD: On or about October 31; it may carry over the first week of November, but it is the end of what we call our October period.

Mr. MONET: From this statement, Mr. Millard, I see that in 1943 there was a small profit made on your total turnover of butter?

Mr. MILLARD: That is right.

Mr. MONET: I want to make this very clear; does that include all the butter handled by your company?

Mr. MILLARD: Yes, sir.

Mr. MONET: Every pound of butter produced, manufactured and sold?

Mr. MILLARD: Yes, sir.

Mr. MONET: So, you were able, although you could not give the information as requested, to give the members of the committee the total picture of your purchases and sales of butter for the periods listed in this document?

Mr. MILLARD: That is correct.

Mr. MONET: I also notice this statement shows the company had losses on its butter operations for the years 1944, 1945, 1946 and 1947?

Mr. MILLARD: That is correct.

Mr. MONET: You mean for your fiscal years, ending October 31?

Mr. MILLARD: That is right.

Mr. THATCHER: I wonder if Mr. Millard could say whether the company curtailed its production at all because of these losses? Are you producing any less butter because of that?

Mr. MILLARD: No, sir; we are trying to get all the butter we can.

Mr. THATCHER: Supposing the price ceiling on butter had been continued last June, would your losses have been greater today than they actually were? Supposing the ceiling had been kept on at 52 cents or whatever it was, would this loss of \$77,000 have been greater or less?

Mr. MILLARD: I should like Mr. Raney to answer that.

Mr. RANEY: I do not see how I can answer that. I do not know whether it would have been greater or less.

Mr. THATCHER: Why could you not give that information?

Mr. RANEY: Had the ceiling stayed on, would our loss have been greater or less? I could not answer that with any accuracy at all.

(At this point Mr. Maybank, the Vice-Chairman, assumed the chair).

Mr. IRVINE: Have you no idea about it at all? What would you guess?

Mr. RANEY: I could guess. I think it would be more.

Mr. IRVINE: The loss would have been greater?

Mr. RANEY: Yes.

Mr. THATCHER: In the first six months when the ceiling was on how was your loss running as compared with the last six months after the ceiling was taken off?

Mr. RANEY: You mean after the ceiling was removed?

Mr. THATCHER: Yes, your departmental losses on butter, were they greater in the first six months of the year or in the last six months? Have you a breakdown of that?

Mr. RANEY: No, I have not, but I would say they were greater. It is an easy thing to check. I do not know.

Mr. MONET: On the same statement, Mr. Millard, in the last column I see for the first eighteen weeks of the current fiscal year your profit was 4.22 cents a pound

Mr. MILLARD: That is correct.

Mr. MONET: That is on total sales for that eighteen month period of 6,000,000 pounds?

Mr. MILLARD: Eighteen weeks.

Mr. MONET: A little over 6,000,000 pounds.

Mr. MILLARD: That is right.

Mr. MONET: Turning to page 3, Mr. Millard, you give there the storage butter for the years 1943, 1944, 1945, 1946 and 1947, together with the percentage of the total as compared to the total for all Canada storage. Would it be right to say that from 1943 up to now you have always had about the same amount of stored butter?

Mr. MILLARD: That is the way it worked out.

Mr. MONET: At the present time are you holding any butter?

Mr. MILLARD: Any storage butter?

Mr. MONET: Yes.

Mr. MILLARD: Not a pound.

Mr. MONET: Besides storage butter have you got any butter on hand at the present time?

Mr. MILLARD: Just our butter in current operations, and it is disappearing like snow.

The VICE-CHAIRMAN: There are no jewelry shops in your organization?

Mr. MILLARD: No, no jewelers or jewelry shops.

Mr. WINTERS: How are the figures of storage butter arrived at, as of a certain date? How do you get at that?

Mr. MILLARD: It is the accumulation of our storage across Canada. This average last in date is kind of confusing. We put it down there for our own information. It is to sort of get a common date for our storage with all Canada. Some points might have their storage butter all bought the middle of the month and some might lap over another week. For instance, in 1947 September was the last in date on an average—

Mr. MONET: Was that total of 3,187,852 pounds the amount of butter in storage in September, 1947?

Mr. MILLARD: Yes, as of that date.

Mr. MONET: You cannot give the committee any information as to storage butter since that date? This would be for your fiscal year, 1947, so the figure you give us there of 3,187,852 pounds for 1947 would be as at October 31? Would that be correct?

Mr. MILLARD: Well, since we sent those figures we have broken that down. I do not know whether or not this is any good to you. I have made several copies of that, breaking down our operation. That shows the butter stored, the average cost, the average cost to date, and the withdrawals.

Mr. MONET: Those would be withdrawals from the butter you had in storage at the end of your fiscal year, or at the end of September, 1947? Is that correct?

do not know if you understand my question correctly. You give us in statement No. 3 for the year 1947 total storage of 3,187,852 pounds?

Mr. MILLARD: All the butter we put in storage during that season.

Mr. MONET: I should like to know of that amount what you still have on hand?

Mr. MILLARD: At the present time?

Mr. MONET: Yes.

Mr. MILLARD: None.

Mr. MONET: Can you give us information as to how that butter was taken out of storage?

Mr. MILLARD: Yes, sir, right here.

Mr. MONET: Is that what you are showing me now?

Mr. MILLARD: Yes.

Mr. MONET: Have you got copies for all members of the committee?

Mr. MILLARD: Yes. We worked it out.

Mr. MONET: You have worked it out since?

Mr. MILLARD: Yes.

Mr. MONET: That will be filed as Exhibit 76.

EXHIBIT No. 76: Statement *re* storage butter operations.

SWIFT CANADIAN CO. LIMITED

STORAGE BUTTER OPERATIONS

Season 1947-48

—	Butter stored lbs.	Average cost per lb.	Average cost per lb. to date	Butter sales lbs.	Average selling price per lb.
1947					
MONTH—					
June.....	603,283	·5106	·5106		
July.....	1,296,966	·5053	·5070		
August.....	704,324	·5220	·5110	85,694	·5653
September.....	370,038	·5873	·5205	26,488	·5712
October.....	213,241	·5559	·5228	41,422	·6103
November.....				718,611	·6000
December.....				1,041,334	·6485
1948					
MONTH—					
January.....				589,210	·6768
February.....				554,205	·6488
March.....				130,888	·6748
Total.....	3,187,852	·5228	·5228	3,187,852	·6405
					cts.
Average cost per pound into storage.....					·5228
Average expense per pound.....					·0220
Total cost per pound					·5448
Average selling price per pound.....					·6405
Average profit per pound.....					·0957

Mr. MONET: Now Mr. Millard, would you explain to the members of the committee what this statement filed as Exhibit 76 means?

Mr. MILLARD: It is a breakdown of our storage butter operations for the season 1947-48. We have a storage program. We decide how much butter we are going to store, and we store it, during the flush season. In 1947-48 we stored 3,187,852 pounds. We started in June and stored 603,000 pounds; in July, 1,296,000 pounds; in August, 704,000 pounds; in September, 370,000; in October, 213,000 pounds. The next column shows our average cost per pound. The third column shows the average cost per pound to date.

Mr. MONET: What would be the difference between the two, the average cost per pound and the average cost per pound to date?

Mr. MILLARD: The higher price butter brings it up.

Mr. MONET: What are the reasons for doing that?

Mr. MILLARD: We have got 51-cent butter, 50-cent butter, 52-cent butter. The higher price butter raises the cost.

Mr. MONET: How is it your average cost per pound to date at the end of October was .5228 cents? Would that be for every pound of butter that was stored at that time? That was the average cost for every one?

Mr. MILLARD: That is right.

Mr. MONET: How could you make it 52 cents when you bought some at 58 cents and 55 cents?

Mr. MILLARD: We have some at 50 cents. We bought 1,296,000 at 50 cents.

Mr. MONET: The average for every pound of butter you had in storage at the end of October would be .5228 cents, 52.28 cents?

Mr. MILLARD: Yes.

Mr. MONET: Does that include the charges made against your storage butter?

Mr. MILLARD: No, sir.

Mr. MONET: What would be the charges against your storage butter?

Mr. MILLARD: The average expense per pound was 2.20 cents.

Mr. MONET: Do you find that on that statement?

Mr. MILLARD: Yes.

Mr. MONET: What does that include?

Mr. MILLARD: Storage, interest, insurance.

Mr. MONET: What is the rate of interest?

Mr. MILLARD: It is $4\frac{1}{2}$ per cent.

Mr. LANDON: The rate of bank borrowing.

Mr. MONET: Does the company have its own storage plants or do you rent accommodation?

Mr. MILLARD: Well, we have a certain amount of freezer space in our plant but we rent a good deal of it where we can get it.

Mr. MONET: Do you make any charge against your storage butter for renting space in your own warehouses?

Mr. MILLARD: Yes.

Mr. MONET: Is that a different department from your butter operations?

Mr. MILLARD: The freezer storage department.

Mr. MONET: It is a completely different department?

Mr. MILLARD: Yes.

Mr. MONET: You pay that department for the storage for your butter operations?

Mr. MILLARD: That is correct.

Mr. MONET: What rate do you pay?

Mr. LANDON: I have not the figures with me.

Mr. MILLARD: If I remember correctly—and I am not sure of it—I think it is 30 cents the first month and 25 cents for succeeding months.

Mr. HARKNESS: That is per hundred pounds?

Mr. MILLARD: Yes, sir.

Mr. MONET: Per hundred pounds or per box?

Mr. MILLARD: Per hundred pounds.

The VICE-CHAIRMAN: I think that was given formerly as being by the box.

Mr. MONET: Some other witnesses have said they paid by the box.

Mr. RANEY: Some people do charge it that way.

Mr. HARKNESS: Eleven cents per box.

Mr. MONET: But you pay it by the hundred pounds?

Mr. MILLARD: Yes.

Mr. MONET: That 25 cents would be for a hundred pounds.

Mr. RANEY: One-quarter of a cent a pound.

Mr. MONET: In the next column you show your butter sales. I take it those are butter sales of storage butter? Exhibit 76 deals only with storage butter?

Mr. MILLARD: That is right.

Mr. MONET: All the butter sales referred to there are of your storage butter?

Mr. MILLARD: That is right.

Mr. MONET: I see by the end of March you come to the total of 3,187,852 pounds which corresponds to your butter stored?

Mr. MILLARD: We were cleaned out by March.

Mr. MONET: Is that the first of the month or the end of the month?

Mr. MILLARD: The first of the month.

Mr. MONET: So that by the first of March, 1948 you had no more?

Mr. RANEY: That is wrong—during March.

Mr. MILLARD: It might have been the first week or the second week.

Mr. MONET: We may take it that it can be any date during March?

Mr. MILLARD: That is right.

Mr. MONET: You have the average selling price per pound in the last column which is .6405 a pound?

Mr. MILLARD: Right.

Mr. MONET: As against .5228 for the average cost?

Mr. MILLARD: Correct.

Mr. MONET: You have on this exhibit the average selling price per pound charged as .6405. Would you tell the members of the committee what that means?

Mr. MILLARD: That is the average price at which the butter was taken out of storage and transferred to our selling units.

Mr. MONET: What would be your selling units?

Mr. MILLARD: Our plants and wholesale—

Mr. MONET: Your plants and branch houses?

Mr. MILLARD: Wholesale branch houses.

Mr. MONET: It would be transferred to there. I should like you to give more information as to this charge against your storage butter of 6 cents, average selling price per pound, 6 cents?

Mr. MILLARD: That is the average transfer price, which represents the market at the time it was taken out of storage and charged to our plants and selling branches.

Mr. MONET: Why do you make that charge? What does that charge consist of?

Mr. WINTERS: Is that not the selling price, 64 cents?

Mr. MILLARD: That is the selling price.

Mr. MONET: That is what you sell at to your—

Mr. MILLARD: That is correct.

Mr. MONET: You give the average profit per pound as 9 cents, 9·57?

Mr. MILLARD: Correct.

Mr. MONET: That was the net profit?

Mr. MILLARD: Correct.

Mr. MONET: Or gross?

Mr. MILLARD: Net.

Mr. MONET: That was on your 3,187,852 pounds of butter?

Mr. MILLARD: That is correct.

Mr. MONET: I understand that this profit is included in the profits which you show for the first eighteen weeks of this current fiscal year on statement No. 2, which profit has been established as \$253,049?

Mr. MILLARD: Not all of it, Mr. Monet, because it means that 277,000; and the balance of the profit goes back to 1947, because the 1947 fiscal year contains August, September and October.

Mr. MAYHEW: Have you a breakdown of your average expense, your profit in your storage department?

Mr. MILLARD: Our storage department?

Mr. MAYHEW: Yes.

Mr. MILLARD: I would say that on our storage department without exception we are losing money. As a matter of fact, I do not think that in all cases we pay as high in our storage charges on butter as outside storages.

Mr. MAYHEW: You say, this year the average profit per pound was 9·57. That would not be the net profit?

Mr. MILLARD: They did not make much money on it because they sold on a narrow margin.

Mr. MAYHEW: It shows here that you made a profit of 9·57 cents.

Mr. MILLARD: That is right.

Mr. MONET: Are you finished, Mr. Mayhew?

Mr. MAYHEW: Yes, I think I am clear on that. That is not actually the net profit, is it?

Mr. MILLARD: The net profit on our storage operations.

Mr. MONET: 9·57, a little over $9\frac{1}{2}$, that is the profit on your storage operations for the last year?

Mr. MILLARD: Yes.

Mr. MONET: And you include in that interest, insurance and all that, and you show a net profit of 9·57?

Mr. HARKNESS: Does that include your selling costs, and so on? I see that amounts to 2·23.

Mr. MILLARD: No, that does not come into that at all.

Mr. HARKNESS: In other words, this 9·57 is profits, without what you might call your general overhead, sale costs, etc.?

Mr. MILLARD: That is right.

Mr. HARKNESS: In other words, this is gross profit rather than the net profit.

Mr. MILLARD: On storage operations.

Mr. MAYHEW: This is the cost of your selling organization; on the storage—on your sales?

Mr. MONET: If I understand it correctly, your net profit for the first eighteen weeks of the current fiscal year as shown on your statement 2, is 4·22 cents?

Mr. MILLARD: That is right.

Mr. MONET: That is the net profit on butter sold by your company?

Mr. MILLARD: That is right.

Mr. MONET: Storage butter and all other butter handled by your company?

Mr. MILLARD: That is right.

Mr. MONET: On your storage butter you made a net profit of 9·5 cents?

Mr. MILLARD: That is right.

Mr. MONET: But when you bring back your net profit of a little over 9 cents on your storage butter into your general butter operation, your net profit on your general butter operation is a little over 4 cents a pound?

Mr. MILLARD: For the eighteen weeks.

Mr. WINTERS: These are two different periods, though.

Mr. MONET: Yes. I understand you to say that you realized the same net profit on butter which has not been stored?

Mr. HARKNESS: The point is that this 9·57 cents a pound would be cut down by the cost of sales, and so forth?

Mr. MILLARD: That is right.

Mr. JOHNSTON: And the four odd cents a pound, would that be the net profit?

Mr. MONET: That is your net profit?

Mr. MILLARD: That is right.

Mr. WINTERS: There is a difference in the statements, is there not? That 9·57 is for 1947, and the 8-cent figure is for the period up to March of this year, is it not?

Mr. MILLARD: I was just saying to Mr. Monet that the fiscal years override. \$77,000 of that storage butter applied in the eighteen weeks, and the balance of that 4·7 is for August, September and October, for that period.

Mr. MONET: Mr. Chairman, I have no more questions to ask this witness.

The VICE-CHAIRMAN: Are there any more questions?

Mr. WINTERS: I have one, Mr. Chairman. Your main plant in the Maritime provinces is at Moncton, is it not?

Mr. MILLARD: That is right.

Mr. WINTERS: Does all the butter for the Halifax and Sydney branch houses need to be cleared through Moncton as a paper transaction?

Mr. MILLARD: No. We have branches at Sydney, Saint John and Halifax. They buy butter.

Mr. WINTERS: I see you have a creamery at O'Leary, P.E.I. Would creamery butter from P.E.I. to these other branches in the Maritimes have to be cleared through your Moncton branch?

Mr. MILLARD: No, they would sell direct.

Mr. WINTERS: They would sell direct?

Mr. MILLARD: Yes.

Mr. WINTERS: Apart from the creamery at O'Leary, do you buy butter from other places in the Maritimes?

Mr. MILLARD: Well, sir, I just could not tell you. Any creamery that has it for sale.

Mr. WINTERS: Have you ordered any recently from Canada Packers?

Mr. MILLARD: I do not know.

Mr. WINTERS: Would any of your officials know that?

Mr. MILLARD: We are not in touch with operations down there as they are not with the day-to-day operations.

Mr. WINTERS: If you would have somebody find that out and let the committee know.

Mr. MILLARD: What is this you want to know?

Mr. WINTERS: At your convenience.

Mr. MILLARD: Mr. Winters, let me get that again, please.

Mr. MONET: I will take it from the record, if Mr. Winters does not mind.

Mr. WINTERS: We can restrict that to the month of March and April. Have you ever in the Maritimes purchased any butter from Canada Packers?

Mr. MILLARD: During?

Mr. WINTERS: The month of March and April.

Mr. MILLARD: March and April of 1948?

Mr. WINTERS: That is right.

Mr. MONET: Would you also include in that February, if that is all right with you.

Mr. WINTERS: It is all right with me; February, too, please.

Mr. THATCHER: I wonder if Mr. Millard could say whether his company exported any butter by permit to its parent company in the United States, or anywhere else—any butter whatever that was exported.

Mr. RANEY: We have been exporting butter under permit to Newfoundland and to Britain, but nothing to the United States.

Mr. THATCHER: You would not have the quantity of that, would you?

Mr. RANEY: We can get it.

Mr. THATCHER: Is it a substantial amount or comparatively insignificant?

Mr. RANEY: I would say it is not a substantial amount. Before we could make such a deal we would have to get a permit from the permit branch in order to ship butter.

Mr. THATCHER: I appreciate that, but there was some exported to Newfoundland and to the British market?

Mr. RANEY: Yes.

Mr. THATCHER: Would you get the figures on that for us?

Mr. RANEY: For what period of time?

Mr. THATCHER: Last year.

Mr. RANEY: 1947?

Mr. THATCHER: 1947.

Mr. RANEY: The calendar year?

Mr. THATCHER: The calendar year, and so far this year if you have had any.

Mr. RANEY: Right.

Mr. THATCHER: I wonder if Mr. Millard could tell the committee whether prior to last June his company had talks with the government about the removal of price ceilings on butter; did you make any representations of that kind as a company?

Mr. MILLARD: None that I know of.

Mr. RANEY: We made none.

Mr. THATCHER: If the price ceiling had stayed on at that time do you think that you would have found it more difficult to get butterfat, a great deal more difficult; or would you have been able to get about the same amount of butterfat that you were able to?

Mr. RANEY: We would not have had as much butterfat as we had had they kept the ceiling.

Mr. THATCHER: You would not?

Mr. RANEY: No. As a matter of fact, it would have gone into another channel. We would not have had it. We would not have bought much milk because the creamery industry itself would not have had the milk.

Mr. THATCHER: I see. Would you tell me, I am not just clear yet, how a creamery company arrives at the price you are going to pay for butterfat. How do you get at that price?

Mr. RANEY: Well, I often wonder. Many think it has been too high. I know that.

Mr. THATCHER: Do you get it from the market some place?

Mr. RANEY: You get the market in those places on the prairies. You find that your competition is so and so for cream, and you either meet the competitive conditions or you do not get any cream.

Mr. THATCHER: Do you ever consult Canada Packers to see what they are paying?

Mr. RANEY: No.

Mr. THATCHER: You definitely do not?

Mr. RANEY: We do not consult with anybody.

Mr. THATCHER: Do you expect in the coming year that the butter shortage will be worse than it has been in the past?

Mr. RANEY: Well, that is hard to answer; but I cannot see anything in the picture that is going to make it better. It cannot be any worse than it is now.

Mr. THATCHER: Would your company advocate butter rationing?

Mr. RANEY: No. I would not. Mr. Millard could tell you about that.

Mr. THATCHER: Would you advocate the importation of more butter?

Mr. MILLARD: My answer to that is, it is up to the government. I do not know. I haven't any opinion on it.

Mr. THATCHER: If your company is losing money, and it seems that every company which comes here is losing money on butter—and apparently the farmer is losing money on butter—do you think margarine perhaps is the answer?

Mr. LESAGE: There it is.

Mr. MILLARD: I have no opinion on the margarine question.

The VICE-CHAIRMAN: If your answer is yes the dairy men will shoot you, and if your answer is no the city men will shoot you.

Mr. MILLARD: What we would like to have is a lot more butterfat to increase our production.

Mr. THATCHER: But you just stated that it is not likely you will have that this year, so are you faced with three alternatives; that you must have rationing, that you must have importation or that you must have margarine? Are you faced with those alternatives?

Mr. MILLARD: We are faced with them, yes.

Mr. THATCHER: You would not state which one you would prefer?

Mr. MILLARD: I would not like to.

Mr. LESAGE: Would not the way out be to increase the price of butterfat?

Mr. MILLARD: I did not get your question.

Mr. LESAGE: I said, one way out of the difficulty would be to give butter a better price than the price it receives at the present time.

Mr. MILLARD: It would lessen the volume going to the cheese factories and would bring more butterfat to the creameries.

Mr. LESAGE: And if it is better for the farmer to go into butter instead of cheese there would be more butter and less cheese made.

Mr. MILLARD: That is right.

Mr. LESAGE: That is the answer to it. We do not need margarine at all. Our dairy production is adequate.

The VICE-CHAIRMAN: We do not propose to settle that question now, Mr. Lesage.

Mr. LESAGE: No, but you will permit me the observation that my district is farming country and I think I know a little bit about the position.

The VICE-CHAIRMAN: Yes, but if one gentleman says he wants margarine and you say you do not want it, that is all right; we are still in balance.

Mr. MAYHEW: Mr. Thatcher said there would be three alternatives: one, to ration butter, the other was to bring in margarine and I think the third was to import butter.

Mr. THATCHER: I asked him if that was not their field of choice.

Mr. MAYHEW: I think there is another way if you want to turn to it, and that is to lessen the amount of cheese that we export.

Mr. LESAGE: Increase the price of butter and there will be less cheese made. If you ration it or if you start importing it the milk will go into other channels.

Mr. HARKNESS: I would say there is another way too—

The VICE-CHAIRMAN: Did you have a question, Mr. Johnston?

Mr. JOHNSTON: Yes. I wanted to find out how this price of butter is set. I understood Mr. Millard to say that they did not consult Canada Packers in regard to the price which they were paying for butterfat; is that right?

Mr. MILLARD: That is correct.

Mr. JOHNSTON: But you did speak of competition being an element in setting the price?

Mr. MILLARD: Yes.

Mr. JOHNSTON: What other competition would there be beside Canada Packers that you consult in regard to price?

Mr. MILLARD: That we would—what?

Mr. JOHNSTON: That you would consult in regard to the cream price?

Mr. MILLARD: We do not consult anyone in regard to the price.

Mr. JOHNSTON: Would it not be fair to say that other competition did not enter into it then?

Mr. MILLARD: Well your market on butter of course is set by supply and demand. We have got hundreds of salesmen out and if they are high they do not sell; if they are low we clean out pretty fast.

Mr. JOHNSTON: But each day though?

Mr. MILLARD: Of course the butter market is quoted in the paper.

Mr. JOHNSTON: Where does that butter market come from? You said something about it being in the newspapers and I am wondering if they 'phone you up and ask you what the price is going to be for the day? There must be some way at which the papers arrive at that price.

The VICE-CHAIRMAN: May I interject just there? Is it not a fact that the butter market as it is called in the newspapers is only in a similar position to any other piece of news? It is a report on what has been marked up on a black-board or has come through on a ticker as to an actual transaction which took place.

Mr. JOHNSTON: Well, where do they get it?

The VICE-CHAIRMAN: It is just ordinary news. It amounts to the newspaper saying that their reporter was down at the exchange and saw such and such figures on the board. I think that is the newspaper function.

Mr. JOHNSTON: Yes, but if you go down to the exchange you will find those prices vary so rapidly that you can hardly write them down. As a matter of fact the boy writing them down has to skip quite a few now and then because he cannot keep up.

The VICE-CHAIRMAN: Well, I was just trying to clarify the position.

Mr. LESAGE: I believe the price is given by the commodity exchange for everything that is bought. It is given to the Canadian Press and the B.U.P.

Mr. JOHNSTON: Well I would like to ask the witness if the company gets its price from the commodity exchange?

Mr. LESAGE: Well the commodity exchange gives out figures on what I would call the general feel of prices all during the day.

Mr. MILLARD: Of course we buy butter all the time and we know what the market is for solids.

Mr. JOHNSTON: Where do you get that?

Mr. MILLARD: When we go out to buy it we find that out. We go out and buy butter because we do not produce all we sell and we are on the market to buy from other creameries.

Mr. JOHNSTON: The butter which you buy you turn around and sell?

Mr. MILLARD: That is right.

Mr. JOHNSTON: Do you sell it on the same day on which you buy it, or some of it at least?

Mr. MILLARD: We buy solids, cut it into prints, and sell it the next day or the day after.

Mr. JOHNSTON: If you cut it into prints you add about a cent per pound for doing that?

Mr. MILLARD: Yes, or whatever the figure is.

Mr. JOHNSTON: Suppose you buy it at 56 cents and you add another cent for cutting it up into prints that makes 57 cents, and what do you sell that butter for?

Mr. MILLARD: In addition there is the cost of the wrapper and the shrinkage in cutting.

Mr. JOHNSTON: Well what would the cost be in addition?

Mr. RANEY: About $1\frac{1}{2}$ cents.

Mr. JOHNSTON: That would make it $58\frac{1}{2}$ cents, and do you sell it for that?

Mr. MILLARD: No, sir.

Mr. JOHNSTON: What additional charges do you have to pay?

Mr. MILLARD: Well perhaps to make a profit of $1\frac{1}{2}$ cents we would try and sell it for 60 cents.

Mr. JOHNSTON: Do you consider that $1\frac{1}{2}$ cent profit is sufficient?

Mr. MILLARD: We would like to get it all the time.

Mr. JOHNSTON: If you got $1\frac{1}{2}$ cents you would be satisfied?

Mr. MILLARD: Well, yes, we would be satisfied.

Mr. JOHNSTON: But you got over 4 cents over-all profit according to these figures?

Mr. MILLARD: That is right, but for the $5\frac{1}{3}$ years we have recorded here we only made $\frac{1}{8}$ of a cent.

Mr. JOHNSTON: Yes but while you say you would be satisfied with $1\frac{1}{2}$ cents you did take advantage of the mark-up and made over 4 cents.

Mr. MILLARD: We followed the market, yes.

Mr. JOHNSTON: So you did not do badly then on your over-all picture where the profit was a little better than 4 cents?

Mr. MILLARD: That is right.

Mr. JOHNSTON: It would not have embarrassed the company at all if, instead of making an over-all profit of 4 cents plus, you had stayed at the regular marginal profit of $1\frac{1}{2}$ cents?

Mr. MILLARD: Well sir, if we did that we would first of all defeat our storage program which is aimed at having butter in times of shortage to supply our customers. If we were to sell at a lower price we would not have any butter.

Mr. JOHNSTON: Well you say that competition regulates the price, and Swift's is quite a large concern. It seems to me if you were to sell butter at a profit of $1\frac{1}{2}$ cents the others would do the same and therefore there would be no over-all rush in the sale of butter and it would level off.

Mr. MILLARD: I do not know what the others would do but if we sold under the market with respect to our storage butter we would certainly be cleaned out in record time. Our customers later on would have no butter. Our reason for storing butter is to have butter during the period of short supply, and that is the only reason we store it.

Mr. MAYHEW: If you were selling at a normal mark-up and that normal mark-up was below the average, you would then not take on new customers; you would only service your regular customers with their usual amounts of butter and the butter supply would last the regular length of time.

Mr. MILLARD: It would be very hard to control that process. I think everybody would be after us if we were selling butter below the market.

Mr. JOHNSTON: If competition is supposed to regulate the price it seems to me that if a large company offered butter at a reduced price the others would do the same.

Mr. MILLARD: Well, we have only 4 per cent of the butter stocks in Canada and that is just peanuts.

Mr. JOHNSTON: Well, it is not peanuts. I think Canada Packers only had 8 per cent so you were not so far behind. Swift's and Canada Packers and the other companies pretty well handle the supply of butter and it would have a very material effect on prices of butter if Swifts and Canada Packers were satisfied with the profit you indicated of about $1\frac{1}{2}$ cents. I think that would have had a very material effect on lowering the price of butter.

Mr. MILLARD: Well, I do not think it would mean much in the long-run because if one of the others held that butter there would still be a shortage.

Mr. MAYHEW: Mr. Johnston's point is not with respect to shortage but it is a matter of preventing a rapid increase in prices. That is our reference here; we are to find why the rapid advance in price took place.

Mr. MILLARD: Of course, if we reduced the price we would have to reduce the price of our current make of butter and buy our butterfat from the producer at lower prices or else do without it.

Mr. JOHNSTON: I suggest you would not have to do without because you would have been getting a profit which you thought was fair? Now it has been given in evidence that companies have stored butter in the hope that the price would rise and that actually was the result. One company, in fact, told us that they deliberately held butter—

Mr. LESAGE: The Saskatchewan Co-operative Creameries.

Mr. JOHNSTON: Yes, the Saskatchewan Co-operative Creameries deliberately held butter in the hope that the price would rise.

Mr. MILLARD: We certainly did not hold butter. We bought it in August and took it out as we needed it.

Mr. JOHNSTON: Do you not think the result—and I am not referring to your company in this instance—of holding butter did have an effect on raising the price? That statement may not have been true with respect to your company but generally speaking do you think it is true?

Mr. MILLARD: I think that is fundamental. If you create a short supply the market is going to go up.

Mr. JOHNSTON: And in this case the short supply was created by, shall I say excessive storage, during the last eleven months. It did result in a rather rapid increase in the price and certainly resulted in an abnormal profit for the companies. Even in the case of your company it was an abnormal profit which you made, was it not?

Mr. MILLARD: We will never see it again.

Mr. JOHNSTON: But it was true then?

Mr. MILLARD: Yes.

Mr. THATCHER: Is there any way that you can protect yourself in a normal year when you are storing butter against a falling market?

Mr. MILLARD: No, sir. We buy butter, we own it, and it is ours whatever happens.

Mr. THATCHER: You cannot protect yourself?

Mr. HARKNESS: You could, perhaps, protect yourself by selling on the futures market on the commodity exchange in Montreal, could you not?

Mr. MILLARD: Well, I do not know because we have never done that.

Mr. THATCHER: Are you allowed by the income tax people to set up a reserve against a falling market?

Mr. RANEY: The reserve is not free from taxes.

Mr. THATCHER: You set one up for your own purposes but the income tax do not allow it as a deduction?

Mr. JOHNSTON: What was the answer to that?

Mr. MILLARD: The answer was no.

Mr. JOHNSTON: I just wanted to get it on the record because the reporter could not see you nod your head.

Mr. THATCHER: There is one thing I would like to find out. There has been some evidence that butter was exported to Newfoundland and the British West Indies. I wonder, Mr. Chairman, if you could arrange to give the members of the committee the total of the exports?

Mr. LESAGE: You will find that information in table 1 of Exhibit No. 52.

The VICE-CHAIRMAN: Yes, that was filed before you came on the committee, Mr. Thatcher.

Mr. LESAGE: In 1947 I think it was about 3,000,000 pounds.

Mr. THATCHER: Well, thank you very much.

The VICE-CHAIRMAN: Are there any other questions?

Mr. IRVINE: I have just one or two. I notice in your report you show a loss for 1945, 1946, and 1947. You show a small profit in 1943 and in 1948. Would that set of figures be a fair indication, so far as you can recollect since your incorporation in 1911, of the profit and loss in respect to the butter business in the previous years?

Mr. RANEY: Well, our butter business financially has been no good.

Mr. IRVINE: Well, that is what the evidence would seem to point to, and that is a losing business. I cannot then quite understand why it should be the wish of your company to secure still more butterfat because on more butterfat you would have even more loss. I cannot understand that kind of a business.

Mr. MILLARD: The only reason I said we would like to have more butter is because if we could double our business we could reduce our loss because we would have approximately the same overhead.

Mr. IRVINE: Well, there would probably be something in that. Now do you, at the present time, or in previous years, sell to your first customers all the butter they want when the butter is scarce?

Mr. MILLARD: No, sir.

Mr. IRVINE: You check that.

Mr. MILLARD: We try to apportion it out fairly.

Mr. IRVINE: I understood you to say a moment ago that you did not believe in rationing?

Mr. RANEY: I said that.

Mr. IRVINE: But still you ration?

Mr. RANEY: We ration, yes.

Mr. IRVINE: Do you think you are better rationers than the government?

Mr. RANEY: I would not say that we were as good.

Mr. IRVINE: I do not see why you should not believe in rationing since you have to do it; however you may believe that if you wish.

The VICE-CHAIRMAN: Are there any other questions? If there are no other questions we will call the next witnesses.

Kenneth H. Olive, President, Olive and Dorion Limited, Montreal, called and sworn.

By Mr. Monet:

Q. Mr. Olive, would you give your full name?—A. Kenneth H. Olive.

Q. Your address?—A. 42 Grenville Road, Hampstead, P.Q.

Q. What is your occupation?—A. I am president of Olive and Dorion Limited.

Q. That is a private company?—A. That is right.

Q. The head office is in Montreal?—A. Right.

Q. Would you give the date of the incorporation of the company?
—A. May 1, 1922.

Q. Mr. Olive, you have supplied the committee with all the information requested and, I might say, with much more information than was requested. This statement containing the information will be filed as Exhibit 77. I take it this document I am now showing you and which will be filed as Exhibit 77 was prepared by you for the benefit of the members of the committee?—A. Right.

EXHIBIT No. 77: Statements by Olive and Dorion Limited, *re* butter.

EXHIBIT 77

OLIVE & DORION LIMITED

GENERAL INFORMATION

Name of Company —OLIVE & DORION LIMITED
 Date of incorporation—May 1, 1922. Private Company.
 Name of subsidiaries—NIL
 Locations —Creameries —NIL
 Storage Warehouse—722 St. Paul St. W., Montreal 3, Que.
 Retail outlets —NIL

INDEX TO STATEMENTS

<i>Page No.</i>	<i>Description</i>
1.	General information.
	Butter operations by years—1939-1948.
2.	Butter trading account.
3.	Selling costs and overhead—butter.
4.	Basis of apportioning overhead.
	Other operations by years—1939-47.
5.	Other products—trading account.
6.	Selling costs and overhead—other products.
	Butter operations by months.
7.	1946 calendar year.
8.	1947 calendar year.
9.	1948 January and February.
	Stocks.
10.	Monthly inventories compared with Dominion holdings—1947.
	Quantities and value of butter—by months.
11.	For 1946, 1947 and 1948 (to date).
12.	For 1943 and 1944.
13.	For 1939 and 1940.

OLIVE & DORION LIMITED—MONTREAL, P.Q.

BUTTER—TRADING ACCOUNT

(Fiscal Period ends December 31.)

1939-1947 inclusive

	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948 (2 months)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sales—dollars.....	2,642,785	2,647,792	3,196,096	3,121,008	3,280,778	4,054,127	3,912,212	3,839,390	6,470,436	1,406,633
Inventory, first day.....	146,206	546,800	508,683	634,963	182,705	806,642	648,615	88,6221	749,859	749,509
Purchases.....	2,918,055	2,462,313	3,150,923	2,468,959	3,672,519	3,509,915	3,862,606	3,472,421	6,014,929	668,976
Brokerage.....	520	686	763	3,491	3,948	4,513	4,751	4,069	1,892	583
Inward charges.....	8,651	4,693	13,790	7,317	26,093	33,592	12,760	6,429	11,211	537
Total.....	3,073,432	3,014,492	3,674,161	3,114,730	3,885,266	4,354,663	4,528,713	4,369,141	6,777,891	1,419,605
Inventory, last day.....	546,799	508,683	634,963	182,705	806,641	648,615	886,221	749,859	749,509	181,666
Cost.....	2,526,633	2,505,809	3,039,198	2,932,025	3,078,624	3,706,048	3,642,492	3,619,282	6,028,382	1,237,939
Gross profit.....	116,152	141,983	156,898	188,982	202,154	348,079	269,719	220,108	442,054	168,694
Selling cost*.....	36,093	19,589	43,919	93,849	118,124	213,898	163,026	97,365	121,351	9,479
Trading profit.....	80,059	122,394	112,979	95,133	84,030	134,181	106,693	122,743	320,703	159,215
Overhead*.....	69,322	74,542	72,042	63,903	67,817	81,522	70,775	77,135	112,336	17,555
Net profit.....	10,737	47,852	40,937	31,230	16,213	52,659	35,918	45,608	208,367	141,660
					lbs.	lbs.	lbs.	lbs.	lbs.	lbs.
Sales—lbs.....					9,199,262	11,529,273	10,880,671	9,538,051	12,434,521	2,118,003
Per lb.—					cts.	cts.	cts.	cts.	cts.	cts.
Selling price.....					35.66	35.16	35.95	40.24	52.04	66.41
Cost.....					33.46	32.14	33.47	37.93	48.48	58.44
Gross profit.....					2.20	3.02	2.48	2.31	3.56	7.97
Selling cost.....					1.28	1.86	1.50	1.02	0.98	0.45
Trading profit.....					0.92	1.16	0.98	1.29	2.58	7.52
Overhead.....					0.74	0.71	0.65	0.81	0.90	0.83
Net profit.....					0.18	0.45	0.33	0.48	1.63	6.69

* See page 2.

OLIVE & DORION LIMITED—MONTREAL, P.Q.

DETAILS OF SELLING COSTS AND OVERHEAD CHARGED AGAINST BUTTER OPERATIONS

	1939	1940	1941	1942	1943	1944	1945	1946	1947
Selling costs—									
Commission.....	\$ -40	\$ -3,677	\$ -5,144	\$ 2,534	\$ 8,060	\$ 29,658	\$ 20,860	\$ 11,256	\$ 9,423
Cartage.....	3,510	3,566	3,874	3,143	2,824	3,244	2,754	1,677	2,782
Cooperage expenses.....	2,613	5,578	17,976	23,206	29,897	28,568	29,007	21,699	26,912
Cooperage wages.....	9,787	11,462	15,287	19,746	27,357	42,732	32,980	35,506	44,348
Freight outward.....	29,965	3,566	11,269	16,145	27,338	83,544	62,109	28,805	27,724
Marine insurance.....	2,076	2,248	1,314	23,710	11,888	8,394	4,382	3,932	2,926
Storage.....	-12,807	-2,072	-1,307	4,568	9,535	16,629	10,293	-6,048	6,711
Weighing.....	989	918	650	797	625	1,129	641	538	525
	36,093	19,589	43,919	93,849	118,124	213,898	163,026	97,365	121,351
Overhead—% Applied*	61%	59%	57%	49%	51%	55%	54%	63%	80%
Bad debts.....	\$ 2,457	\$ 6,977	\$ -124	\$ -49	\$ -30	\$ 628	\$ 00	\$ 00	\$ 00
Bank charges, interest.....	2,683	4,739	7,663	10,601	12,889	20,503	19,234	13,269	26,534
Communications.....	2,365	1,429	1,724	1,219	919	1,267	1,261	1,345	2,901
General.....	1,527	1,270	1,439	1,426	1,473	1,768	2,179	1,663	3,532
Insurance—Fire, liability, etc.....	1,696	1,916	2,220	2,179	2,250	1,118	1,739	5,315	7,106
Rent.....	4,325	3,540	3,420	3,121	3,730	4,206	3,650	3,780	5,280
Office and administration salaries.....	49,272	48,755	48,922	39,278	41,102	44,820	37,032	43,233	54,162
Depreciation.....	1,231	1,258	1,133	876	582	758	614	564	1,197
Laundry, power, maintenance and repairs, stamps, printing, taxes and travelling expenses.....	5,766	4,658	5,645	5,252	4,902	6,454	5,066	7,966	11,624
	69,322	74,542	72,042	63,903	67,817	81,522	70,775	77,135	112,336

* See page 4.

— Denotes credit.

PRICES

1729

OLIVE & DORION LIMITED—MONTREAL, P.Q.

BASIS OF APPORTIONING OVERHEAD CHARGES BETWEEN BUTTER AND OTHER OPERATIONS

	1939	1940	1941	1942	1943	1944	1945	1946	1947
—									
Butter sales.....	\$ 2,642,785	\$ 2,647,792	\$ 3,196,086	\$ 3,121,008	\$ 3,280,778	\$ 4,054,127	\$ 3,912,212	\$ 3,839,390	\$ 6,470,436
Other sales.....	1,725,001	1,810,366	2,399,733	3,294,121	3,195,412	3,340,747	3,382,763	2,268,267	1,648,870
Total sales.....	4,367,786	4,458,158	5,595,829	6,415,129	6,476,190	7,394,874	7,294,975	6,107,657	8,119,306
Butter, % sales.....	61%	59%	57%	49%	51%	55%	54%	63%	80%
Other, % sales.....	39%	41%	43%	51%	49%	45%	46%	37%	20%
Total.....	100%	100%	100%	100%	100%	100%	100%	100%	100%
Overhead charges—									
To butter.....	\$ 69,322	\$ 74,542	\$ 72,042	\$ 63,903	\$ 67,817	\$ 81,522	\$ 77,775	\$ 77,135	\$ 112,336
To other.....	44,321	51,802	54,349	66,513	65,159	66,700	60,290	45,302	28,085
Total.....	113,643	126,344	126,391	130,416	132,976	148,222	131,065	122,437	140,421

TRADING ACCOUNT—PRODUCTS OTHER THAN BUTTER
1939-1947 inclusive.

(fiscal Period ends December 31st.)

PRICES

1731

	1939	1940	1941	1942	1943	1944	1945	1946	1947
—	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sales.....	1,725,001	1,810,366	2,399,733	3,294,121	3,195,412	3,340,747	3,382,763	2,268,267	1,648,870
Inventory 1st day.....	54,825	32,584	55,896	114,627	389,803	210,333	279,475	229,973	291,967
Purchases.....	1,522,154	1,740,454	2,353,777	3,418,379	2,856,549	3,263,050	3,174,418	2,227,049	1,483,487
Brokerage.....	4,879	2,820	2,884	6,186	6,170	6,139	6,473	5,887	5,584
Inward Charges.....	22,663	24,296	28,446	34,953	32,932	36,555	40,826	25,667	13,969
Total.....	1,604,521	1,800,156	2,441,005	3,574,146	3,285,456	3,516,079	3,501,194	2,488,577	1,795,007
Inventory last day.....	32,584	55,896	114,627	389,803	210,333	279,475	229,973	291,967	240,152
Cost.....	1,571,937	1,744,259	2,326,377	3,184,342	3,075,122	3,236,603	3,271,220	2,196,610	1,554,855
Gross profit.....	153,064	66,106	73,355	109,778	120,290	104,144	111,542	71,656	94,015
Selling Cost*.....	76,419	35,591	39,467	55,301	43,209	65,083	53,080	33,796	31,397
Trading profit.....	76,645	30,515	33,888	54,477	77,080	39,061	58,462	37,860	62,618
Overhead*.....	44,321	51,802	54,349	66,513	65,159	66,700	60,290	45,302	28,085
Net profit.....	32,324	**21,287	**20,461	**12,036	11,921	**27,639	**1,828	**7,442	34,533

* See page 6.

** Loss.

OLIVE & DORION LIMITED—MONTREAL, P.Q.

DETAILS OF SELLING COSTS AND OVERHEAD CHARGED AGAINST OPERATIONS OTHER THAN BUTTER

	1939	1940	1941	1942	1943	1944	1945	1946	1947
Selling Costs—									
Brokerage.....	\$ 4,683	\$ 488	\$ 566	\$ 2,823	\$ 2,080	\$ 1,366	\$ 3,014	\$ 789	\$ 2,261
Cartage.....	5,879	3,775	5,313	5,695	2,822	5,036	5,844	2,747	3,379
Cooperage.....	4,777	4,449	3,072	4,283	3,924	3,815	4,645	2,698	3,702
Cooperage wages.....	13,312	10,881	13,257	16,228	17,534	21,604	17,399	13,330	12,599
Freight outward.....	47,560	14,080	7,869	14,339	8,192	13,206	6,273	4,844	4,229
Marine insurance.....	3,065	2,366	1,008	5,428	1,135	1,039	1,020	675	1,086
Storage.....	-4,221	-1,458	7,166	4,920	6,350	17,703	13,737	8,008	3,626
Weighing.....	1,364	1,010	1,216	1,585	1,192	1,224	1,148	705	515
	76,419	35,591	39,467	55,301	43,209	65,083	53,080	33,796	31,397
Overhead—% applied*	39%	41%	43%	51%	49%	45%	46%	37%	20%
	\$ 1,571	\$ 4,848	\$ -94	\$ -51	\$ -28	\$ 527	\$ 00	\$ 00	\$ 00
Bad debts.....	1,436	3,294	5,780	11,034	12,385	16,762	16,384	7,793	6,634
Bank charges, interest.....	1,512	992	1,300	1,269	883	1,036	1,075	790	725
Communications.....	976	883	1,085	1,485	1,415	1,447	1,857	977	883
General.....	1,084	1,332	1,675	2,268	2,162	914	1,481	3,121	1,777
Insurance—Fire, liability, etc.....	2,765	2,460	2,580	3,246	3,583	3,441	3,109	2,220	1,320
Rent.....	31,501	33,878	36,906	40,880	39,490	36,670	31,546	25,390	13,540
Office and administration salaries.....	786	874	854	911	559	620	523	333	300
Depreciation.....									
Laundry, power, maintenance and repairs, stamps, printing, taxes and travelling expenses.....	3,690	3,241	4,263	5,471	4,710	5,283	4,315	4,678	2,906
	44,321	51,802	54,349	66,513	65,159	66,700	60,290	45,302	28,085

* See page 4.

— Denotes credit.

BUTTER—TRADING ACCOUNT

1946—Financial Period ending December 31, 1946

PRICES

1733

1946	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sales.....	621,478	361,549	40,367	141,650	264,619	272,243	631,408	569,726	323,432	335,747	176,392	100,787
Inventory 1st day.....	886,221	380,535	73,495	45,484	10,756	151,830	402,422	618,593	699,357	855,582	835,137	745,979
Purchases.....	58,430	18,424	12,577	92,779	393,450	506,174	828,064	628,923	465,645	299,034	70,887	98,034
Brokerage.....	305	250	250	250	250	264	250	250	250	250	250	1,250
Freight in.....	104			42	445	1,334	797	1,105	1,211	719	344	328
Total.....	945,060	399,209	86,322	138,556	404,901	659,602	1,231,533	1,248,871	1,166,463	1,155,585	906,618	845,591
Inventory last day.....	380,535	73,495	45,484	10,756	151,830	402,422	618,593	699,557	855,582	835,137	745,979	749,859
Cost goods sold.....	564,525	325,714	40,838	127,800	253,071	257,180	612,940	549,514	310,881	320,448	160,639	95,732
Gross profit or loss.....	56,953	36,835	*471	13,850	11,548	15,063	18,468	20,212	12,551	15,289	15,753	5,055
Selling cost.....	15,578	8,763	974	3,895	6,815	6,815	15,578	14,605	7,789	8,763	4,868	2,921
Trading profit or loss.....	41,375	27,072	1,445	9,955	4,733	8,248	2,890	5,607	4,762	6,526	10,885	2,134
Overhead.....	12,342	6,942	770	3,085	5,400	5,400	12,342	11,569	6,171	6,942	3,837	2,314
Net profit or loss.....	29,033	20,130	*2,215	6,870	*677	2,848	9,452	*5,962	*1,409	*416	7,028	*180
Sold.....	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.
	1,661,381	969,285	116,819	341,536	656,507	686,451	1,550,948	1,377,146	782,962	759,229	400,864	234,933

* Loss.

OLIVE & DORION LIMITED—MONTREAL, P.Q.

BUTTER—TRADING ACCOUNT

1947—Financial Period ending Dec. 31, 1947.

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sales.....	767,984	82,338	118,681	224,675	417,051	545,265	902,446	741,785	563,664	727,313	798,744	580,490
Inventory 1st day.....	749,859	157,493	119,770	103,695	143,255	697,064	1,011,979	1,075,589	1,118,163	1,142,887	997,282	1,046,725
Purchases.....	91,156	26,174	83,528	248,002	921,711	821,371	930,996	754,181	552,031	534,214	813,302	238,263
Brokerage.....	158	158	158	158	158	158	158	158	158	158	158	154
Freight in.....	116	64	43	387	3,497	2,166	1,832	1,110	900	613	484	
Total.....	841,289	183,889	203,499	352,242	1,068,621	1,520,759	1,944,965	1,831,038	1,671,252	1,677,872	1,811,226	1,285,142
Inventory, last day.....	157,493	119,770	103,695	143,255	697,064	1,011,979	1,075,589	1,118,163	1,142,887	997,282	1,046,725	749,509
Cost goods sold.....	683,796	64,119	99,804	208,987	371,557	508,780	869,376	712,875	528,365	680,590	764,501	535,633
Gross profit.....	84,188	18,219	18,877	15,688	45,494	36,485	33,070	28,910	35,299	46,723	34,243	44,857
Selling costs.....	14,658	13,152	11,310	8,489	15,387	11,665	6,918	10,966	6,851	5,644	6,439	9,873
Trading profit.....	69,530	5,067	7,567	7,199	30,107	24,820	26,152	17,944	28,448	41,079	27,804	34,984
Overhead.....	8,094	7,461	6,733	7,924	7,971	9,492	10,846	10,049	10,243	11,221	10,182	12,120
Net profit.....	61,436	*2,394	834	*725	22,136	15,328	15,306	7,895	18,205	29,858	17,622	22,864
	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.
Sold.....	1,809,064	186,104	315,032	545,731	857,530	1,066,497	1,870,321	1,329,033	970,904	1,262,964	1,337,124	884,217

* Loss.

OLIVE & DORION LIMITED—MONTREAL, P.Q.

Page 9.

BUTTER—TRADING ACCOUNT

Financial Period Ending Dec. 31, 1948

	January	February
	\$	\$
Sales.....	922,319	484,314
Inventory first day.....	749,509	338,551
Purchases.....	418,863	250,113
Brokerage.....	271	312
Freight in.....	404	133
Total.....	1,169,047	589,109
Inventory last day.....	338,551	181,666
Cost goods sold.....	830,496	407,443
Gross profit.....	91,823	76,871
Selling costs.....	2,584	6,895
Trading profit.....	89,239	69,976
Overhead.....	9,985	7,570
Net profit.....	79,254	62,406
Sold.....	Lbs. 1,390,727	Lbs. 727,281

OLIVE & DORION LIMITED—MONTREAL, P.Q.

Page 10.

Stocks—1947

First Day	Dominion	Olive & Dorion Limited	Percentage
	(,000 omitted)	(,000 omitted)	
January.....	44,279	1,949	4.4
February.....	32,016	405	1.2
March.....	24,222	300	1.2
April.....	15,419	253	1.6
May.....	11,327	359	3.1
June.....	24,046	1,431	5.9
July.....	42,861	2,050	4.8
August.....	59,430	2,151	3.6
September.....	67,509	2,197	3.2
October.....	73,680	2,195	2.9
November.....	71,426	1,885	2.6
December.....	56,594	1,925	3.2

Peak stock—1947—Lbs. 2,197,000

Total sales—1947—Lbs. 12,434,521

Percentage of total sales. 17.6%—

Page 11.
Address: 722 St. Paul St. West, Montreal 3, P.Q.

OLIVE & DORION LIMITED

QUANTITIES AND VALUE OF BUTTER—BY MONTHS

Quantities of butter—Lbs.						Dollar value (omit cents)			Average per lb.		
						Purchases during month	Sales during month	Cost of purchases	Selling price	Margin between purchase cost and selling price	
						\$	\$	cts.	cts.	cts.	
1946											
Month—	On hand at beginning of month	Purchases during month	Sales during month	On hand at end of month							
January.....	2,596,258	182,839	1,661,381	1,117,716	58,430	691,478	31,957	37,407	37,407	5.450	
February.....	1,117,716	57,849	969,285	206,280	18,424	361,549	31,848	37,300	37,300	5.452	
March.....	206,280	36,991	116,819	126,452	12,577	40,367	34,000	34,555	34,555	0.555	
April.....	126,452	243,213	341,536	28,129	38,147	141,650	38,147	41,474	41,474	3.327	
May.....	28,129	1,029,040	658,507	400,662	393,450	264,619	38,234	40,307	40,307	2.073	
June.....	400,662	1,343,805	686,451	1,058,016	506,174	272,243	37,667	39,659	39,659	1.992	
July.....	1,058,016	2,119,860	1,550,948	1,826,928	828,064	631,408	39,062	41,370	41,370	1.649	
August.....	1,826,928	1,586,932	1,377,146	1,836,714	628,923	569,726	39,631	41,308	41,308	1.739	
September.....	1,836,714	1,174,463	782,962	2,228,215	465,645	323,432	39,647	41,308	41,308	1.661	
October.....	2,228,215	1,706,079	759,229	2,175,065	289,034	335,737	42,351	44,220	44,220	1.869	
November.....	2,175,065	167,749	400,854	1,941,960	70,837	176,392	42,257	44,004	44,004	1.747	
December.....	1,941,960	241,782	234,933	1,948,809	98,034	100,787	40,546	42,900	42,900	2.354	
		8,890,602	9,538,051		3,472,421	3,839,388	39,507	40,253	40,253	0.746	
1947											
January.....	1,948,809	264,874	1,809,064	404,619	91,156	767,984	34,414	42,452	42,452	8.038	
February.....	404,619	81,360	186,104	299,875	26,174	82,338	32,170	44,243	44,243	12.073	
March.....	299,875	268,273	315,032	253,116	83,528	118,681	31,135	37,672	37,672	6.537	
April.....	253,116	651,300	545,731	358,685	294,002	294,675	38,077	41,169	41,169	3.092	
May.....	358,685	1,930,338	857,530	1,431,493	921,711	417,051	47,748	48,634	48,634	0.886	
June.....	1,431,493	1,684,612	1,066,497	2,049,608	821,371	545,265	48,757	51,126	51,126	2.369	
July.....	2,049,608	1,971,274	1,820,033	2,150,561	930,996	902,446	47,228	48,513	48,513	1.022	
August.....	2,150,561	1,375,229	1,329,033	2,196,757	574,181	741,785	54,840	55,280	55,280	0.973	
September.....	2,196,757	968,919	970,904	2,194,772	552,031	563,664	56,973	58,055	58,055	1.082	
October.....	2,194,772	953,361	1,262,964	1,885,169	534,214	527,313	56,034	57,587	57,587	1.553	
November.....	1,885,169	1,376,828	1,337,124	1,924,873	813,302	708,744	59,070	59,735	59,735	0.665	
December.....	1,924,873	377,894	884,217	1,418,550	238,263	580,490	63,050	65,650	65,650	2.600	
		11,904,262	12,434,521		6,014,929	6,470,436	50,527	52,036	52,036	1.509	
1948											
January.....	1,418,550	642,180	1,390,727	670,003	418,863	922,319	65,225	66,319	66,319	1.094	
February.....	670,003	373,970	727,281	316,692	250,113	484,314	66,880	66,592	66,592	*0.288	
		1,016,150	2,118,008		668,976	1,406,633	65,834	66,412	66,412	0.579	

1737

[illegible]

Page 13.
Address: 722 St. Paul St. West, Montreal 3, P.Q.

OLIVE & DORION LIMITED
QUANTITIES AND VALUE OF BUTTER—BY MONTHS

	Quantities of butter—Lbs.				Dollar value (omit cents)		Average per lb.		
	On hand at beginning of month	Purchases during month	Sales during month	On hand at end of month	Purchases during month	Sales during month	Cost of purchases	Selling price	Margin between purchase cost and selling price
						\$	cts.	cts.	cts.
1939									
Month—									
January.....	498,848	No data	No data	498,848	182,866	239,889	No data	No data	No data
February.....	432,040	"	"	432,040	228,388	256,772	"	"	"
March.....	423,584	"	"	423,584	262,835	277,981	"	"	"
April.....	360,976	"	"	360,976	157,980	181,008	"	"	"
May.....	916,440	"	"	916,440	256,306	148,259	"	"	"
June.....	2,093,952	"	"	2,093,952	549,568	308,615	"	"	"
July.....	2,501,688	"	"	2,501,688	332,233	255,561	"	"	"
August.....	2,913,456	"	"	2,913,456	248,327	167,501	"	"	"
September.....	2,386,248	"	"	2,386,248	196,733	305,215	"	"	"
October.....	2,481,752	"	"	2,481,752	160,905	77,949	"	"	"
November.....	2,245,712	"	"	2,245,712	196,869	251,642	"	"	"
December.....	2,092,608	"	"	2,092,608	145,040	172,388	"	"	"
					2,918,050	2,642,780			
1940									
January.....	2,092,608	No data	No data	1,478,568	99,825	278,302	No data	No data	No data
February.....	1,478,568	"	"	959,392	28,868	169,266	"	"	"
March.....	959,392	"	"	310,128	185,142	373,533	"	"	"
April.....	310,128	"	"	106,456	99,292	156,118	"	"	"
May.....	106,456	"	"	759,976	251,889	105,433	"	"	"
June.....	759,976	"	"	1,418,648	311,068	169,700	"	"	"
July.....	1,418,648	"	"	2,314,088	365,237	188,452	"	"	"
August.....	2,314,088	"	"	2,124,360	138,783	182,553	"	"	"
September.....	2,124,360	"	"	1,686,384	168,025	137,663	"	"	"
October.....	1,686,384	"	"	2,389,408	317,185	247,405	"	"	"
November.....	2,389,409	"	"	1,968,268	231,966	350,833	"	"	"
December.....	1,968,268	"	"	1,777,175	265,026	308,527	"	"	"
					2,462,306	2,647,785			

By Mr. Monet:

Q. Before dealing with this exhibit, I understand you are also president of the Commodity Exchange?—A. That is right, sir.

Q. There have been some questions here concerning the Commodity Exchange and I will ask you in a minute or two to give the members of the committee information concerning the functions of this body. I understand you were the butter administrator?—A. That is correct, administrator of dairy products.

Q. That would include butter?—A. All dairy products.

Q. Would you give the dates covering the period during which you were administrator?—A. I was appointed administrator in April, 1943 and I left the board at the end of June, 1947, early in June.

Q. All during that period you acted as administrator of dairy products?—A. I may say that just prior to being appointed to the position of administrator, in the winter of 1943, I had served with the board in the capacity of special assistant supervising the distribution of butter.

By Mr. Thatcher:

Q. Were you president of your company at the same time you were butter administrator?—A. Yes.

Q. And president of the Commodity Exchange also?—A. That is correct.

By Mr. Monet:

Q. Were you president of the Commodity Exchange at that time?—A. I have been president of the Commodity Exchange for ten years.

Q. I am sure you are the right man in the right place this morning and that you are able to inform the members of the committee concerning the Commodity Exchange. Would you describe to the members of the committee the operation of the Commodity Exchange?—A. Well, I will try, Mr. Monet. I think there is an air of mystery being attached to the exchange which does not exist at all.

In the first place, the Canadian Commodity Exchange is an organization which enables buyers and sellers to meet and express their market opinion of the product which is being traded. It is an open market as compared with what I should, perhaps, call marketing behind closed doors which, in my business experience is not the best type of marketing. I remember very well the developments which led up to the Commodity Exchange. In those days, prior to the introduction of the exchange, it was pretty well impossible to establish a market from day to day, yet the commodity is a commodity which is produced and consumed every day.

I think we started trading in butter, as I recall, in October of 1935. Prior to that time, the only attempt made to establish a market was by what was called an auction sale held once a week. In my opinion it was not properly called an "auction" because the auctioneer always reserved the right not to sell. Half the time no sales were made. The quantities offered were very small and were not representative of the volume of business being done.

Some of us decided we should have some form of marketing whereby people would come out in the open, make their bids and make their offers; where everything would be done in a manner which was regulated. The trading practices would be conducted under rules and regulations which could be defended at any time, under any circumstances. I think the Commodity Exchange, without doubt, has accomplished that purpose.

As evidence of that fact, I should like to point out that the largest operator on the Commodity Exchange is the Co-operative Federee de Quebec. That organization sold 90.68 per cent of the butter sold on the spot market in 1947. I am quite satisfied those gentlemen are astute enough and, if it were not to their

advantage to trade there, they would not sell their butter there. It is nothing more or less than a place where people come together, under supervision, to express their market opinion on both the buying and selling side. There is nothing mysterious about it. The man who makes a bid must stand behind it and if he makes an offer he has to do the same thing.

By Mr. Winters:

Q. What is the financial set-up? Is there a fee charged?—A. The members of the exchange pay an annual assessment of \$60 to the exchange itself. I have not mentioned the clearing association as yet.

The clearing association exacts a fee of 1 cent a box on butter that is traded on spot and \$2 a contract on future contracts. Actually, the exchange is operated at a loss on its clearings. The operating revenue has not been adequate and the assessment on the members makes up the deficit. There is not a profit. The exchange is a non-profit organization. It does not buy or sell butter. It is merely a meeting place for buyers and sellers. Information concerning the transactions is made available to the public. Any purchaser or consumer or anyone else is entitled to have full knowledge of the transactions and such knowledge is being obtained through the press and ticker service.

Q. How many members are there?—A. About 31 produce members of the exchange. The members are entitled to appear on the floor of the exchange and actually do the buying and selling. They, of course, may represent anyone else as a broker and that is the capacity in which most of the business is done, certainly so far as future business is concerned.

Q. Where is the Commodity Exchange located?—A. On St. Francois Xavier street, Montreal.

Q. Does it own its own building?—A. No. Some of you gentlemen might be disillusioned if you saw it. It is a very unpretentious little place. I do think it has contributed a great deal to the orderly marketing of butter in this country, and I say that after some experience.

I should like, if I may, to tell you the essential difference between spot and futures. I know this question of futures is one which has given some people concern. A spot sale is just what the term implies. It is a transaction in which the buyer takes immediate delivery of the product, whether that spot sale be on the Commodity Exchange, a sale up in Chicoutimi, out in Vancouver or down in Halifax. The future sale differs in this respect, that final possession is not taken immediately by the buyer but is deferred until an agreed time. The difference between the spot and future price is usually the cost of financing or carrying that butter until delivery is made; that is the essential difference between spot and future.

By Mr. Lesage:

Q. Would the Co-operative Federee de Quebec sell futures?—A. No, they never have, not to my knowledge. I do not think the type of operation they conduct would lend itself to that. For example, they do not plan to carry butter for any length of time. They are a marketing organization, essentially, not a distributing organization in the sense other organizations are.

Q. They obtain their butter from member co-operatives and re-sell it as soon as they can?—A. That is right.

Q. On the exchange or elsewhere?—A. That is right.

By Mr. Monet:

Q. Of all the transactions on the Commodity Exchange last year, the Co-operative sold about 90 per cent?—A. On the spot market. Of the 10,000,000 pounds of butter sold on spot the Co-operative Federee sold 90.68 per cent of that butter. I should like to go on with a couple of further remarks.

By Mr. Irvine:

Q. May I ask you if your exchange was functioning during the period when the price of butter was fixed?—A. The exchange has always functioned. It was not active at all times because unfortunately supplies of butter were so tight there was no buying and selling of butter, shall we say. To explain the position further, we have not traded butter since about the 13th of January because there is no butter to trade. Butter is right bang up against the ceiling. There is not any trading. Under those conditions the market is inactive, and there has not been a transaction since the 13th of January. I did want to say—

By Mr. Mayhew:

Q. Just a minute. Witnesses who have been before us claim that they get quotations every morning in the paper. If you have not been trading since the middle of January where is the newspaper getting these daily reports of the price of butterfat?—A. Oh, markets. It is a little difficult to define the word "market". A market exists anywhere business is carried on, where buyers and sellers are trading. It can be in a village or anywhere. The use of the word "market" is sometimes misleading.

Q. Even in spite of the fact you were not trading they were still getting through your organization the price of butterfat?—A. Not butterfat, butter. We do not quote butterfat. We do not trade in it. The only price the commodity exchange registers now is the maximum price. There is a standard price ceiling. Everybody is short of butter. They would be very glad to get it at that price. That is just the standard price that is reported for the purpose of the record, butter at the ceiling. What I was trying to explain is the commodity exchange is only one source of market information. I am sure in the city of Ottawa this is the case. I know in the cities of Toronto, Winnipeg, Vancouver, and all these other cities and towns where business is carried on, people by bidding or offering, and buying and selling establish a market. Usually the local press gather that information. They want to know what the price of butter is today. They call up people who are active in the business and they get information maybe from half a dozen. That in a sense constitutes the information, as I understand it, that you receive or read in the press. The commodity exchange is just one factor. It is one of those markets. It happens to be one that is organized where the information can be given out readily. I was going to point out, in order that you may get a proper prospective, that the total position on futures—and you are interested in that angle—the total number of futures traded amounted to 4.13 per cent of total production in 1947. That is the total number of contracts traded in 1947, 4.13 per cent.

By Mr. Lesage:

Q. On the Commodity Exchange?—A. That is right. That is the total number of contracts traded.

By Mr. Monet:

Q. Excuse me for interrupting. Can you give us in pounds of butter how much that would amount to approximately?—A. 14,448,000 pounds.

Q. Bought through future contracts?—A. Yes. I want to go on and explain that position is not a static position. That is the total volume in the year. The maximum position at any one time was 3,068,000 pounds. That was the highest open position in futures. That was in October.

By Mr. Lesage:

Q. Part of that 3,068,000 pounds could have been resold as futures and could be in the total of 14,448,000?—A. Pardon?

Q. It could be included twice in the 14,448,000?—A. By purchase and sale, yes. I wanted to point out—

By Mr. Harkness:

Q. That 14,000,000 is actually considered as sales? You said contracts, but does that split down to half sales and half— —A. No, it is 645 contracts, 22,400 pounds each.

By Mr. Irvine:

Q. Are the figures you are quoting in this statement here?—A. No, they are not.

Mr. MONET: No, because this is on the Commodity Exchange only.

The VICE-CHAIRMAN: The statement before you has to do with the company, and incidentally the witness is president of the Commodity Exchange and is dealing with that at this moment.

The WITNESS: I wanted to get in the record that that open position I have mentioned of 3,068,000 pounds was in October at which time it represented 4.16 per cent of the stock of creamery butter in Canada. I wanted to get that picture across so that you would see that it is not the biggest factor in the picture.

By Mr. Harkness:

Q. You said the Commodity Exchange had had no sales since the end of January. That includes futures? There has been no futures trading since that time?—A. I was talking about spot transactions.

Q. I wanted to clear up that point. I thought possibly there would be some future sales?—A. There were two future contracts on February 5. That was the closing out of a position. There has been nothing traded since.

Q. Nothing since that?—A. Nothing at all.

By Mr. Lesage:

Q. For delivery after it comes into production?—A. Pardon?

Q. These future contracts were for delivery after the start of the new production?—A. No. In this case it was a man closing out his position. He was just liquidating it.

By Mr. Monet:

Q. Have you got any other information you would like to give the members of the committee on the operations of the Commodity Exchange?—A. I do not think I want to volunteer anything further. It is rather difficult to know what you want. If there is anything I would be glad to answer any questions.

By Mr. Harkness:

Q. Why is it there have been no future sales for delivery, we will say in June or July or some other such time as that? Is it because there is anticipation that the price will remain at the ceiling throughout that period?—A. No, I do not think so. I would say that in order to enter into a future contract you must be sure of having the product. That is one of the first requirements.

Q. Well, a lot of people are sure of having the product in July.—A. The next thing is to know what the price of butter is going to be in June and July and I do not know that anyone can hazard a guess as to that at the moment.

Q. Nobody, in other words, is willing to gamble on what the price might be?

By Mr. Irvine:

Q. Do you know any better at any other time than you know now?—A. A any other time?

Q. Any other period?—A. There are times when it is possible to make a reasonably intelligent forecast of prices.

Q. You can guess better?—A. I do not accept that it is a matter of guess work. It is a matter of study of supply and demand conditions. There is a certain amount of guessing in it. There is certainly always a large element of risk, but there are other seasons of the year when it is pretty well impossible to be able to look into the future very far.

Q. It is true in every year we have surplus butter during the summer months and always less in production in the winter than we consume? That is generally true?—A. That is right.

Q. And it is not much worse this year than other years. I cannot see that there will be much difference between the opinions you might hold in respect to that matter this year or any other year.—A. Well, it would be quite a long discussion to describe the thinking that goes through a mind like my own when I am trying to size up the future. I do not know that I could do it successfully. I have spent thirty years in this business.

By Mr. Harkness:

Q. If there was no price ceiling at the present time there would be a futures market, would there not?—A. There is a futures market. Let me put it this way. I am not being facetious, but I do want to get the idea across. If anyone would care to express an opinion at the present time as to the value of butter in June, and the price which they bid for that contract did not violate the price ceiling regulations then a contract could be made quite legally and quite properly, but nobody wants to express that opinion so far as I know because it has not been done.

Q. The point I am getting at is if there was no price ceiling at the present time you would be having actual transactions on your futures market? People then would be hazarding a guess?—A. I should like to go a little further and say that in our experience at this time of year we seldom have an open position. As a matter of fact so many unknown factors remain to be determined—generally, people having an opinion on what is going to happen want to see what production is going to be. There are so many factors enter into the establishment of price and volume.

Q. Then this is not a normal situation, not to have trading at this time of the year?—A. It is not normal to the extent that we cannot offer them over 67.5 cents, over the ceiling, even though if there were no ceiling they might think it would go to 70 cents.

Q. I would think that there might be some who would be buying futures.

Mr. MAYHEW: Do they have to put up a margin?

The WITNESS: Yes.

Mr. MAYHEW: What is the amount of the margin?

The WITNESS: The margin is \$1,500 on a contract, which must be fully corrected on the market daily, because of the fluctuation of $\frac{1}{8}$ th of a cent in price has to be met. That has to be put up daily in order to maintain it.

By Mr. Harkness:

Q. I would think that the producer would be quite happy to sell his production let us say at 2 or 3 cents under the ceiling, knowing that as soon as full production gets underway in the summertime the price would be more or less bound to go down. I would think he would be very happy to guarantee this price of 2 or 3 cents below the present market or ceiling price. But apparently there is nobody willing to take it at that price.—A. Well, the position is that no one is either offering or bidding.

Q. There is actually no creamery offering to sell its production below the present price?—A. No.

Q. The general opinion then must be that the price of butter is going to remain at this ceiling throughout the next summer.—A. Do you want my opinion?

Q. No, apart from your opinion altogether, the opinion of the buyers and sellers must be, seeing that they are not offering to sell futures or offering to buy, their general opinion must be that the price is going to stay right at the ceiling.

Mr. IRVINE: Is that not the fact, what Mr. Harkness says? Is not that the real reason why the situation is not as bright as usual?

The WITNESS: I do not think that I can answer that correctly, because speculation is not very bright in the butter business, as I interpret it. People take a position because they are in business and they have to take a position in order to remain in business.

Mr. MAYHEW: The men who buy these futures—the people who have been here lately say they do not buy any butter through you; that is, they stand alone. That is particularly true of the last few witnesses who have appeared before us. If we are to take what they say as true, a lot of these people don't buy butter at all, never saw butter, would not know butter from margarine.

By Mr. Harkness:

Q. You see, Mr. Olive, what I actually have in the back of my mind is the likelihood of the price of butter going down, and I would take it from your evidence that the general opinion of dealers in Canada is that it is going to stay right at the ceiling, and that is supported by the fact that there are no bids or offers in a lower market.—A. I cannot say that I can blame you for arriving at such a conclusion.

Mr. HARKNESS: Personally I would think that with the increased production which is expected prices would come down to a certain extent.

The VICE-CHAIRMAN: Do you want to make a contract?

Mr. HARKNESS: I do not. I am not in the butter business Ralph; but from all the evidence I have heard I would think following past years' experience the price of butter would fall during those periods of heavy production.

The WITNESS: There are quite a few factors entering into the position this year which affect that position. For example, we have a price set for cheese which means 66-cent butter. I will not attempt to forecast what the butter price is going to be, but I would venture the opinion that the butter price should be at least equal to cheese if we are going to have any butter in this country this year.

Mr. HARKNESS: And that comes back to the matter that the price of cheese determines the price of butter.

The WITNESS: We have many uncertainties. I do not think anybody today is in a position to be sure of anything. We have a program of exporting cheese to Britain. We have to obtain all that cheese and our milk supplies short; and when the price of cheese is 66-cent butter we may be short of butter, perhaps. I don't know.

Mr. HARKNESS: The prospects for a fall in the price of butter is at least remote, you might say?

The WITNESS: I do not do much forecasting.

By Mr. Lesage:

Q. But, Mr. Olive, the amount we have for export this year is less than last year, is it not?—A. I understand that our export commitment is 7,000,000 pounds below what it was.

Q. Less than last year, 7,000,000 pounds less; that would mean that there would be 3,500,000 pounds more available for butter?—A. But the fact that the farmer—

Q. But the fact is that the relationship of the price of 30 cents for cheese will have an effect on the price of butter, would it not?—A. Oh, I think so; without a doubt.

Q. Without a doubt.—A. The price of cheese always affects the butter price, and there are other factors which enter the picture also. The price of cheese or butter may vary from time to time, but eventually they come back together, and at times you get a diversion of milk from one to the other. But in addition to cheese you also have the competition of concentrated milk products and things of that kind.

Q. Do you think the price of fresh milk is affected by that?—A. I am not an authority on that end of the business.

Q. But I am talking now about dairies.—A. The price of milk, as I understand it, was set.

Q. Now I have in mind not fresh milk, concentrated milk.—A. Yes, the market for concentrated purposes has been about 305 a hundred in Ontario, and it is already paying better than butter.

Q. That is probably the answer.—A. Even at 67 cents it is paying better than butter.

Q. Even at 67 cents?—A. Right. I think you should consult the experts on that. I am not an expert.

By Mr. Monet:

Q. Now, Mr. Olive, I understand that to the Canadian Commodity Exchange has attached to it, if I may use that expression, the Canadian Commodity Clearing Association?—A. Right.

Q. I understand that there are 7 members of that association?—A. Yes.

Q. Of which your company is one?—A. Yes.

Q. Would you describe to the members of the committee the operations and functions of the clearing association?—A. I think perhaps I can best describe it by saying that the clearing association is the bookkeeper for the Commodity Exchange. It handles the mechanical details of the contracts that are made from day to day. It is responsible for seeing that all the contracts are properly discharged and carried out. It also collects the margins from the clearing members; deposits them and maintains the so-called position; sees that the market position is maintained daily. It is merely a mechanical agency which assures the carrying out of the contracts.

Q. I see. Now, you said all contracts; you mean spot and future?—A. Yes, that is right.

Q. Every transaction that goes on is recorded and cleared through one of the members of the association?—A. The mechanics of these spots and futures is slightly different; but I do not think you are interested and I do not know that I am capable of explaining fully the mechanics, because it is a bookkeeping operation essentially; and it is purely the different stages or processes through which the contract goes to be completed. I have a note on it but I tried to simplify it. As a matter of fact it is difficult to make an explanation of the technical operations. Quite apart from the accounting point of view the clearing association is an organization which acts as the clearing agency for exchange members. Its functions are to see that all trades are properly adjusted to the market price daily, and act as a guarantor to the buyer and the seller that the delivery will be taken or made. Those are the essential features of the clearing association, and the rest of it is just bookkeeping, to see that conditions are carried out.

The VICE-CHAIRMAN: The contracts are all verbal are they not?

The WITNESS: When a contract is made, whether it be spot or future, on the floor of the exchange where all of the business is done, all the bids and offers are handled that way. The buyer and seller must exchange formal slips covering the deal. At the same time the exchange management makes a record of the transaction, so there is a full and complete record of all transactions by members at all times.

By Mr. Lesage:

Q. How many employees have you?—A. We only have two. We are a very small outfit.

Mr. LESAGE: That is all I wanted to know.

By Mr. Monet:

Q. Well I have information to the effect that last year the first contract through the Clearing Association Incorporated was executed on June 17, 1947. Would that be correct?—A. Well, sir, I have not got the information in front of me but if it was furnished by the exchange I would say it was correct.

Q. It was furnished by the secretary-treasurer?—A. That would be correct.

Q. And each contract would represent one carlot which is 22,400 pounds of butter?—A. Yes.

Q. Now you have told us in your opinion the exchange fulfills a useful function?—A. I would say it is decidedly useful.

Q. Would you tell the members of the committee whether, in your opinion, the operations of the Commodity Exchange are an important factor in fixing the price of butter or determining the price of butter?—A. The Commodity Exchange merely reflects the opinions of other people. The Commodity Exchange is not in itself in the butter business, so to say the Commodity Exchange is any factor would be incorrect. The members of the exchange by making a bid or offer reflect their views on the value of the product. When a transaction is made you will see that perhaps 500 boxes of butter are sold at 59 cents and that, at the moment, is the market. It may fluctuate mildly. The fluctuations are usually rather mild but under unusual conditions they may be more rapid. Generally, however, they are mild fluctuations which are represented by the buying and selling on the market.

Q. I take it from what you have said the Commodity Exchange is not a factor in the fixing of prices and it does not play any part at all? It just reflects the price or bid—the supply and demand of sellers and buyers?—A. There must be some method of the buyers and sellers getting together. If a creamery in the country has butter to sell and a distributor in the city has a demand for butter there must be some way for them to get together to complete the transaction. The process goes on every day of the week and every week of the year. Butter is consumed daily and produced daily.

By Mr. Johnston:

Q. How many creameries do business through the Commodity Exchange?—A. Pardon me?

Q. How many creameries do business through the Commodity Exchange?—A. I cannot answer that except by saying the Co-operative Federee, which represents a great number of creameries, sells 90 per cent of the butter sold on the exchange.

Q. I think that we have had evidence that a great many creameries, especially the larger ones, have nothing to do with the Commodity Exchange.—A. I am not in a position to give you information as to the number that do not do business on the exchange and I do not know where I can get that information.

By Mr. Monet:

Q. Continuing that line of questioning, can you give the members of the committee information as to who sells the other 10 per cent of the butter sold on the Commodity Exchange? You say the Co-operative Federee sells 90 per cent but who would sell the other 10 per cent?—A. It might be people like myself. If we feel the price of butter is high on a particular day we might have 500 pounds of butter for sale.

Q. You are speaking of wholesalers?—A. Yes.

Mr. IRVINE: Does this 90 per cent which you mentioned include all the butter produced in the province of Quebec or just the butter sold on the exchange?

Mr. MONET: Just the butter sold on the exchange—that is what the witness said.

By Mr. Irvine:

Q. I cannot see why you would not be selling 100 per cent of all the butter sold on the exchange?—A. It is not physically practical to sell all the butter on the exchange because you have to be moving it. For instance if you wanted butter at Gaspé, or Acadia, or Quebec City, you would not buy it on the Montreal exchange and likewise it would be sold where it was produced. Butter is not offered to the Commodity Exchange except where Montreal is the logical market. The exchange exists so that those who desire to do so have the privilege of offering butter on the exchange in Montreal.

Q. How much real butter do you sell in an average year?—A. Last year we sold 10,522,000 pounds of butter.

By Mr. Johnston:

Q. What percentage of the butter produced in Quebec does that figure represent?—A. About 10 per cent.

Q. The other 90 per cent is sold outside the Commodity Exchange?—A. That is right.

By the Vice-Chairman:

Q. Where is the butter eaten that is sold on the exchange?—A. I would say most of it is consumed in Montreal.

Q. Yes, quite evidently it would not be sold in Timbuctoo?—A. No, it is eaten in Montreal.

Q. Yes, and the transactions here recorded reflect only the use of butter in the neighbourhood of Montreal?—A. Generally speaking in so far as spotting is concerned that would be true. There would be exceptions, however. For example, a creamery in Eastern Ontario might want butter and be unable to buy it in their local territory and they might give an order to someone in Montreal to buy it on the exchange.

Q. Is that the only exchange for butter which exists in the country?—A. It is the only organized exchange that is selling butter in Canada.

Mr. JOHNSTON: Are there any such exchanges in the United States?

The WITNESS: There would be the mercantile exchanges down there that carry out similar functions but I think I may say to the best of my knowledge that I know of no other commodity exchange where the volume of spot business even approaches the volume handled in Montreal, although it is actually only a small part of the production. We do a large volume of spot business which I believe indicates the use to which people put the exchange.

By Mr. Irvine:

Q. Does the amount of butter sold in a year check exactly with the amount of butter physically handled?—A. I am not quite sure that I understand you, Mr. Irvine.

Q. Well, do you sell a lot of butter that does not exist? For instance, is the exchange comparable to the grain exchange which may sell more grain in a week than is grown in ten years?—A. I think I can answer that question best by saying we only sold four per cent of the butter produced in Canada and therefore we must have sold butter that existed. I know of no sales of butter that did not exist.

Mr. JOHNSTON: Except for future sale?

The WITNESS: No, I did not qualify the statement. I say that I know of no sales, including future sales, where the butter did not exist.

Mr. LESAGE: But it was not all delivered?

The WITNESS: Future sales are all hedge sales. A warehouse man who has butter will sell a contract for future delivery. In the first instance he does it for the ordinary warehouse earnings, and in the second instance he may not want to take all that market risk himself.

Mr. MONET: When he sells the butter he actually has it?

The WITNESS: Yes, he has it in his warehouse.

By Mr. Irvine:

Q. That is what I want to know. The record of the sales which are transacted in a year would tally exactly with the amount of butter physically handled on the exchange?—A. In so far as spotting is concerned.

Q. Yes, I know it is true in so far as spotting is concerned but I am not talking about spotting.

The VICE-CHAIRMAN: It is about the other four per cent that you wish to learn?

Mr. IRVINE: Yes.

The VICE-CHAIRMAN: A little better than four per cent is represented by future sales?

The WITNESS: Yes.

The VICE-CHAIRMAN: And it is with reference to that four per cent that Mr. Irvine would like to know. He wants to know whether that is fictitious?

Mr. IRVINE: I do not know that you would call it fictitious.

The VICE-CHAIRMAN: It is non-existent.

By Mr. Johnston:

Q. I understood the witness to say that even the butter represented by future sales was held in storage?—A. To the best of knowledge every future sale has a hedge of actual butter behind it.

Q. That would actually be in storage?—A. I want to be sure that I understand the question put by Mr. Irvine. I will not say that every contract that is made goes through to delivery. I do not think I should say a thing like that.

Mr. IRVINE: That is what I was thinking of.

The WITNESS: Well, a creamery in London, Ontario, for instance, wishes to protect a future requirement to the extent of 400 boxes of butter. It may suit them best to have that in storage or it may suit them best to buy a contract on the exchange. When it comes time for delivery in order to save freight it is quite possible they may be able to buy butter locally. In the meantime, however, they have protected themselves against market change and in that case it is quite logical for them to sell the future contract and buy the local physical butter. To that extent the contracts do not go through the delivery.

The VICE-CHAIRMAN: We will adjourn until this afternoon.

The meeting adjourned, to meet again this afternoon at 4 o'clock.

AFTERNOON SESSION.

—The committee resumed at 4.00 o'clock p.m. Mr. Ralph Maybank, the Vice-Chairman, presided.

Kenneth H. Olive, President, Olive and Dorion Limited, Montreal, recalled:

The VICE-CHAIRMAN: I see a quorum, gentlemen. When we adjourned Mr. Monet was examining Mr. Olive.

By Mr. Monet:

Q. Mr. Chairman, I still have a few questions to ask Mr. Olive before I am through with him. You were talking at adjournment of the Commodity Exchange, Mr. Olive; would you tell members of the committee if there are possibilities of abuse—and I am always referring to price—possibilities of abuse in the operations of the Commodity Exchange?—A. The only way I can answer that, Mr. Monet, is to say that I have never been aware of any possibilities.

Q. You say you have never been aware of it. Could there be the possibility of abuse through the functions which you described to us this morning?—A. I do not think that the Commodity Exchange could be selected as an agency of abuse. I think your question is a little difficult to answer just as it is phrased.

Q. I mean, you have said that the Commodity Exchange itself has no function other than that of bringing together buyers and sellers, and therefore there would be no possibilities of abuse on account of bringing together sellers and purchasers?—A. Inasmuch as the Commodity Exchange only traded 4 per cent of the butter in general last year I would say that it could not have any appreciable affect on the price, that is the information you want.

Q. That is the information I want.

By the Vice-Chairman:

Q. May I break in and say this:— I think you nearly answered this question to Mr. Irvine this morning.—A. What is that?

Q. Have you ever experienced any appreciable amount of short selling?—A. To my knowledge there has never been any short selling. People who sell butter on the exchange, who sell contracts, have the butter in the warehouse and are hedging.

Q. I suppose short selling would be very dangerous where people would not know what the future position of butter was going to be; and, you have said, you trade only a small percentage of the total supply.—A. That would be the only thing—

Q. Is the fact that such a small proportion of the total is the handling of the exchange, is that the chief safeguard against such possibilities of abuse?—A. I guess the answer to that would be, yes. To influence price, if there was such a thought, would require the control of a great deal of butter; and I have never seen that in any form.

By Mr. Johnston:

Q. How could they use butter as a hedge? Would they buy butter for that purpose?—A. Did you say, how could they use it as a hedge?

Q. Yes. When they have butter right there in storage of their own, what would be the purpose?—A. The purpose of storing would be perhaps, first of all, to earn the storage revenue. It is a natural operation. It is carried on for that purpose very largely.

Q. Would they not have to base it on a future price sufficiently above the market to take care of storage?—A. Yes, the difference between the cost and the future price—that is the cost of carrying it.

Q. And when they get a hedge, would they not be buying butter then which was not in existence?—A. No, not if I follow your question.

Q. I do not see the point of hedging if you have the butter right there in storage.—A. May I give you our own position back over the years for the purpose of answering your question. We have a warehouse of a certain capacity and we do not at any time contemplate using all of the warehouse space for our own business. We do want to get revenue on the balance of the space which we do not use ourselves, so it is to our advantage to buy butter, or to have butter bought and put in our warehouse, and to sell contracts. That is the way you meet the expense of your own contracts. The butter has to be delivered.

By the Vice-Chairman:

Q. You are the person who is hedging your risk over the succeeding months?—A. That is right.

The VICE-CHAIRMAN: That is hedging.

By Mr. Mayhew:

Q. Let us assume a man had very large stocks of butter, over a million pounds, and he was anxious of course to see the price go up; what is to hinder him from using your facilities, your warehouse, and from making purchases of butter on the Commodity Exchange which would later be reported as setting the price for butter for the day, or for the next day? True, he might lose some money, but he would gain a great deal on the amount of butter that he was holding in storage himself; so, are you not giving an opportunity—I do not say have you—but, are you not furnishing an opportunity for the speculative buyer of butter?—A. I would say that regardless of whether you have a Commodity Exchange or not the opportunity for people to buy any commodity always exists, if they have the money to put up to buy that commodity.

Q. Where would they go to buy it?—A. They would go to the creamery to the wholesaler, anywhere.

Q. They would not buy from the creamery or the wholesaler on margin?—A. Oh, yes. We have always done creamery business—in my own experience of over 30 years; as distributors we must buy butter on margin or we would not be able to protect ourselves. And another thing would be this, that if it were not for this sort of buying the producer would get a lower price during the flush production season.

Mr. JOHNSTON: Has there not been evidence here that they do sell butter on margin?

The VICE-CHAIRMAN: There may have been some evidence by someone. I do not know.

Mr. MONET: You mean, sold on the Commodity Exchange?

Mr. JOHNSTON: I think they also said that they sell on margin.

The VICE-CHAIRMAN: Selling on margin, selling on deferred payment. I feel that we can't have that evidence surely, because it seems to run contrary to what one would expect.

Mr. JOHNSTON: My memory is that somebody asked the question if the controlled the butter market, and they said no.

The VICE-CHAIRMAN: At the same time these are large transactions very often and they cannot always pay cash.

Mr. JOHNSTON: Even that would not be what you would consider buying on margin.

The VICE-CHAIRMAN: There is no difference between deferred payment and margin buying.

Mr. JOHNSTON: If they do not pay it all in cash but perhaps give a note or something to the company to clear it on a certain day, that would not be considered buying on margin.

By Mr. Mayhew:

Q. It would seem to me that there was a possibility of their making a price here, that it would affect the real price.—A. Well, sir, if I may answer that; in my own experience and judgment based on experience I have had in the business, it would take a great deal of buying to move the butter price a fraction of a cent under those conditions. Under present conditions of shortage you appreciate that anything could happen, but normally speaking the man who bought 500 boxes of butter or 1,000 boxes of butter or 5,000 boxes of butter would not influence the market appreciably. That would not make very much of an impression on the Canadian butter market, even in the season of flush production when stocks are bought for holding. I have no hesitation in making that statement.

Q. I can quite believe that the man who has the nerve to go in and buy butter when butter is plenty and takes out butter and puts it into storage, he is doing a really worthwhile service to the whole industry; providing it is done in an orderly and reasonable way. On the other hand, the fellow who buys a future on margin I do not think is a useful citizen to have around at all.—A. You may be referring to a man who is entirely outside of the business.

Q. Yes, who is entirely outside of the business.—A. Well, I would say that in the light of the years of experience I have had in the business, the few people who might be put in that category are of no importance whatsoever in the over-all picture. Their operations do not affect the price of butter one way or another.

By the Vice-Chairman:

Q. If you raised the price by buying 1,000,000 pounds you are in danger of raising the price by selling 1,000,000 pounds, aren't you? The fact that you pay a certain price for butter in anticipation of a higher price later on is no guarantee that you will get that higher price when you come to unload.—A. That is certainly true, sir.

Q. Many people have found that out, haven't they?—A. We all have at one time or another.

Mr. THATCHER: There is one point I am not quite clear on.

The VICE-CHAIRMAN: I think, Mr. Mayhew, you started this.

By Mr. Thatcher:

Q. Mr. Olive stated this morning, I think, that he was the butter administrator, the president of Olive and Dorion, and the president of the Commodity Exchange. I am to understand from that that you had a salary from each of these positions?—A. Certainly not.

Q. Were you a dollar-a-year man?—A. I did not even get the dollar.

The VICE-CHAIRMAN: Didn't you?

The WITNESS: No.

By Mr. Thatcher:

Q. That was in an advisory capacity?—A. No, sir; it was a full-time job. I devoted all my time and attention to the job, left my own business to do it.

Q. When the appointment was made were you asked in any way to leave your business to take that job on?—A. I was asked to take the appointment, yes.

Q. You were asked to leave your business?—A. I could not do both so I had to leave my business. I was on loan.

Q. The point I am getting at is this; that in view of the fact that you were the butter administrator—is that the title?—A. Administrator of Dairy Products.

Q. That you were the Administrator of Dairy Products would not give you inside information that might be particularly valuable in your business?—A. Certainly not, no information whatever, because we were so controlled that the business could not move in any direction.

Q. Take, for instance, when controls came off, the last of June; you must have had something to do with the matter of taking those controls off?—A. All that is a matter of government policy. I had nothing to do with the making of decisions.

Q. No, but you knew a few months or a few weeks ahead that they were coming off. Would not knowledge of that be of some advantage to you in your business?—A. I think, sir, if you make a study of the market you will very readily agree that there was no possible advantage because the price of butter did not move—I assume you are referring to the period when the subsidy was taken off.

Q. Yes.—A. Well, when the subsidy was taken off every holder of butter was required to refund the full amount of 8.5 cents per pound of butter which they had in storage. The market dropped to 48.5 cents. There was no profit in that deal.

Q. But there was the danger of having that knowledge you might have been able to buy butter. I am not saying that you did at all. What I am trying to get from you is, there might have been an advantage to you through your position?—A. I cannot accept any such statement as that.

By Mr. Mayhew:

Q. When was the ceiling removed?—A. June 9.

Q. And the price remained at the same level during June and July?—A. That is right.

Mr. IRVINE: I would like to know next what your company does, what its function is—are you going to deal with that?

Mr. MONET: I was coming to that.

The VICE-CHAIRMAN: I think we should finish dealing with this Exhibit 7 whatever it is, first.

By Mr. Monet:

Q. Now, did you at any time during 1947, or up to the present date in 1948, refuse to accept bids for suppliers of butter?—A. Oh, yes, frequently.

Q. Would you tell the members of the committee why you did that?

The VICE-CHAIRMAN: You mean on the exchange?

Mr. MONET: No, in your own business. I am talking about Oliv and Dorion.

The WITNESS: We did not have the butter to fill the bids. That is all.

By Mr. Monet:

Q. Was that during 1947?—A. At times, yes, if the bids were made to us such a manner that they were below market, for example, below the prices at which we were buying the butter ourselves. We would not turn around and sell it to some private customer of ours under what we had paid for it.

Q. You never held butter back for any reason other than that?—A. Other than purposes of our business.

Q. Did you at any time during that period or up to date in 1948 refuse to sell butter to any of your regular customers?—A. Our business is selling butter, and I am sorry to say we are having to ration our customers today by 50 per cent of their requirements. We would like to be able to give them all their requirements. We never refuse to sell butter when we have butter to sell.

By Mr. Thatcher:

Q. To go back, you said that despite the fact you were dairy controller inside information would not have been of any value to you in your company. I notice from the chart on page 11 that your company purchased and bought more butter in the month of May, 1947, than it did in 1946 in the same month, and considerably more in June of 1947 than it did in 1946. Was there some special reason for that? I suppose you knew there was a shortage?—A. I would not say there was any shortage at that time. We were just coming into the producing season.

Q. Why would you purchase almost double the amount in May of 1947 as you did in May, 1946?

Mr. MONET: You are referring to page 11?

Mr. THATCHER: I am referring to page 11.

Mr. MONET: Page 11 under purchases.

By Mr. Thatcher:

Q. It would not have been because you knew rationing was coming off?

Mr. MONET: What month are you referring to under purchases?

Mr. LESAGE: It was off in June.

Mr. THATCHER: The point I am trying to establish is that if Mr. Olive knew rationing was coming off—

Mr. LESAGE: Rationing was off in May.

Mr. THATCHER: Rationing came off in June, June 9. I am not saying anything but I am wondering why the company would purchase so much more in May, 1947 than it did in May, 1946.

The WITNESS: First of all, I did not know when rationing was coming off.

By Mr. Thatcher:

Q. As administrator you did not know that?—A. No, I did not know because that was a matter that was decided on a high government level, and I did not know it any more than anybody else did.

Q. I accept your statement.—A. I want to say a little more on that. I think the industry in general expected decontrol of dairy products. I do not think there was any mystery about that or any secret about it. It was a matter of government policy, and it was in the cards. Representations had been made by the industry, by all branches of the industry, but when it would come off I did not know. As a matter of fact, it came off later than I expected. Personally I would have thought it would have been off earlier. That was a matter that was not for me to decide.

Q. Your company did purchase almost twice as much in May, 1947 as you did in May, 1946?—A. Yes, it so happened we did. I have not referred to other years to see what happened. I notice in April, 1943, we purchased 1,300,000 pounds. There are certain conditions surrounding the buying of butter. For example, we did not feel that butter at 48 or 49 cents was a commodity that was too expensive, if you like to put it that way. We had confidence in it.

Q. Would it have been unreasonable to assume you might have made these heavier purchases because you knew the ceiling was coming off and the prices might be going up?—A. I did not know the ceiling was coming off.

Q. As administrator you did not know that?—A. Any more than general knowledge in the industry that decontrol was coming.

Mr. MONET: Is that all?

Mr. THATCHER: Yes.

By Mr. Monet:

Q. Now, Mr. Olive, you have been good enough to prepare a statement in answer to the next question that I am going to ask, and which has been asked of previous witnesses, namely why did the price advance so sharply some time last fall? You have prepared copies for each member of the committee which I will ask to be distributed and which will be part of your evidence. That will be exhibit 78.

EXHIBIT No. 78: Statement re advance in price.

You have also been kind enough to prepare another statement, and I must say this one was prepared without being asked for. Mr. Olive has been listening to the questioning in this room for the last few days, and he has been good enough to prepare another statement giving with figures who would have benefited by the increase in prices. This will be filed as exhibit 79.

EXHIBIT No. 79: Statement as to who benefited by increase in price.

By Mr. Monet:

Q. I would now ask you to read your statement giving the reasons for the advance in price, as you have described them in exhibit 78.

The VICE-CHAIRMAN: Just a moment, you have marked them?

Mr. MONET: No. 78 and 79. They have just been given to me.

Mr. IRVINE: Are you going to deal with 78 before you deal with 77?

Mr. MONET: Yes, because this is the general question as to why the price went up. Mr. Olive has prepared a statement on that.

The VICE-CHAIRMAN: In effect you are going to be examining from now on on 77, 78 and 79.

Mr. MONET: Yes. Exhibit No. 78 is in answer to the question why did the price go up last fall. I think all members of the committee have it by now. Exhibit 78 is the one which has the name "Olive & Dorion Limited" in the top left hand corner. Exhibit 79 deals with the question of who benefited by the increase.

By Mr. Monet:

Q. Mr. Olive, would you please give us your evidence on the question of why the price advanced.

The WITNESS:

WHY DID PRICES ADVANCE?

Price is the factor, which, on a free market, reflects the relation of supply to demand.

Effective wartime control of the price of butter was possible only because demand was also controlled. That is, the demand was adjusted to the supply by means of coupon rationing.

When rationing was discontinued and consumers again were free to purchase unlimited quantities of butter, price once more became the factor which reflected consumer demand in relation to producer supply.

In the last seven months of 1947, disappearance of butter in Canada increased 26.8 million pounds, while in the same period production increased only 19.1 million pounds.

This trend of over consumption in relation to production was first revealed in D. B. S. statistics released July 10 which showed an increase in disappearance of about 3.5 million pounds for the month of June 1947 over June 1946. Not too much importance was attached to the increase at that time because it had been expected that in the first few weeks following the discontinuance of rationing, both consumers and retailers would buy a little extra butter to build up to normal icebox reserve. However, when D.B.S. figures released August 10, revealed a further very substantial gain in disappearance, the industry concluded that the heavy increase in demand from Canadian consumers would continue and would not be equalled by a corresponding increase in supply unless prices advanced to encourage still greater production.

Buying was very active all over Canada from the middle of August to the end of September and producers were able to demand progressively higher prices. In this period butter prices moved up about 6 cents per pound.

Analysis of the buying in August and September shows that actual disappearance of butter increased by almost 9.5 million pounds over 1946 and in face of such heavy movement into consumer channels, plus the growing concern of distributors regarding their winter trade requirements, the upward movement of prices was inevitable.

When it became known early in October that production had shown a spectacular gain in September, almost 8 million pounds above 1946, demand fell off and prices weakened.

The improvement in the production picture was not the only factor which contributed to the decline, however, for at that time there was talk of possible imports, reimposition of ceiling prices and a great deal of clamor for margarine. Prices were higher than most people in the industry could recall and there was widespread nervousness.

From the first of October to the middle of November, butter prices moved in a range between 55 cents and 60 cents per pound.

During this period, on October 22, 1947 to be exact, ceilings and subsidies were removed from coarse grains and feeds and prices for these commodities advanced sharply. In eastern Canada in 1947, there was a substantial decline in the production of coarse grains so that the dairy farmers were not only faced with the necessity of heavier purchases from western Canada to maintain winter milk production, but also faced rapidly mounting costs. Meanwhile industry efforts to obtain relief through imports had proven unavailing and there was no indication that the government had been any more successful. Under these changed conditions, the future supply picture deteriorated. It seemed apparent that domestic stocks and production must supply the requirements of the Canadian consumers and no one in the industry had any remaining doubt of butter shortage under such circumstances.

Demand from distributors and consumers, seeking to protect their winter supply, again became very active and once again producers were able to demand and obtain progressively higher prices.

About that time, a good deal of publicity was given to the probability of a butter shortage and in my opinion, this had the effect of frightening consumers into buying more than immediate requirements. It is difficult to assess the extent of this consumer hoarding but it was undoubtedly a factor in the price increase. A study of disappearance figures for the last three months of 1947 compared with January and February 1948 has convinced me that advance buying by consumers amounted to substantial proportions, perhaps several

million pounds. The January-February figures were low and I conclude from this fact and my knowledge of the butter movement, that consumers were eating in January and February the extra butter they acquired in the late Fall of 1947.

Total butter production in November and December increased only about 1.4 million pounds but disappearance in the same period increased 6.3 million pounds over 1946 and I think these figures substantiate what I have said about higher production costs and consumer hoarding.

The whole story of price increase is one of demand exceeding supply. I have no hesitation in stating that most people in the butter industry did not want to see extreme prices. I believe producers also would have been content with lower prices if feed costs had not risen.

In my opinion, speculation or withholding were not factors in determining the price level but shortage in relation to consumer demand, and shortage only, was responsible for the increase in price.

By the Vice-Chairman:

Q. May I ask a question with regard to the second paragraph on page 2 with reference to the phrase "about that time"? Where was this time with relation to the cheese contract negotiations?—A. I cannot answer that because I was not familiar with the negotiation of the cheese contract.

Q. It can be got elsewhere, anyway.

By Mr. Monet:

Q. Mr. Olive, in the fifth paragraph on the first page you say:

Buying was very active all over Canada from the middle of August to the end of September and producers were able to demand progressively higher prices.

By "producers" do you mean farmers?—A. I think perhaps I should clarify that.

Q. That is why I am asking you because it does not seem to be quite the same as the evidence we have heard so far.—A. Producer through creamery—perhaps I should have said that. The creamery has the butter to sell.

Q. You mean the producer through the creamery?—A. Yes.

Q. The evidence we have had so far would indicate that it was butter that would determine the price of butter fat and not vice versa.—A. I think in some of the evidence presented to the committee from some of the co-operatives it is pretty clear that the price of butter was influenced by the action of the creameries. In that case it was the producer. I do not offer that in any manner of criticism, but it is a fact.

Q. What is your opinion on that, then, is it that the price of butter sets the price of butter fat or is it the price of butter fat which sets the price of butter?—A. I should not get into a discussion of butter fat because I am not in that end of the business. I have always understood that the price of butter sets the price of butter fat.

Q. When you use the word "producers" in this paragraph, you mean producers to the creamery?—A. Yes.

By Mr. Lesage:

Q. Would it not be true to say that, at that time, it was only reasonable for the farmers to expect a higher price?—A. I would certainly agree with that.

Q. They always want to get more if they can?—A. I agree with that, Mr. Lesage.

Q. The producer will go to the creamery, for instance, and he will say, "I do not get enough for my butter fat, I will go into cheese or concentrated milk". The creamery has to try and get a better price for its butter if it wants to keep its patrons. It is on that basis that business is done during the production

months?—A. What I have tried to do here is to give you, in a brief way, the action of the market itself under changing conditions. I have not attempted to voice an opinion, one way or another, but, with regard to your remarks, I certainly agree that it was quite obvious the price of butter was too low in relation to the demand and we were not going to get the supply.

Q. We cannot say that the price of butter alone influences the price of butter fat. It is true to a certain extent, but farmers regularly ask for better prices when prices are low. Supply is also a definite factor.

By Mr. Monet:

Q. On the second page of the brief you say, "It is difficult to assess the extent of this consumer hoarding, but it was undoubtedly a factor in the price increase." Would it also be true to say the retail stores accumulated stocks at that time for the same reason?—A. In my experience there was not much evidence that was going on. Actually, sales at the retail level were extremely heavy at that time.

By Mr. Johnston:

Q. Why do you say, then, that purchasers were hoarding it? How could they hoard?—A. I am talking of sales at the retail level, sales to the consumer.

Q. You do not mean that the housewives were buying more and putting it in the refrigerator?—A. Yes.

Q. That is what you mean?—A. Yes.

By Mr. Lesage:

Q. You mean she was buying more than under rationing?—A. No. I mean people were buying advance supplies of butter. Instead of buying enough butter for a week, they were buying enough for a month.

By Mr. Irvine:

Q. It was ice box holding?—A. It was ice box holding.

By Mr. Johnston:

Q. I would not think the consumer would be in a position to hoard very much butter. A person might buy a couple of extra pounds, but unless everyone did that, and I do not think everyone did, it would not mean very much?—A. If everybody bought one pound, it would mean 12,000,000 pounds.

Q. I do not think every person did.—A. No.

Q. Speaking from my own experience, I cannot recall one person who bought more butter than was needed.

Mr. HARKNESS: I do not think they would have told you if they did.

Mr. MONET: Could you change the word "hoarding" for something else? Would not that word be too harsh?

Mr. JOHNSTON: I cannot believe it. Here is another member who says he does not know anybody who did that.

The VICE-CHAIRMAN: It may be that you and Mr. Harkness are not the kind of people to whom these people would tell that.

Mr. JOHNSTON: Either that or we are living in a province where everybody is honest.

Mr. IRVINE: You are living in a province—

Mr. JOHNSTON: Which is the best in Canada, I agree with that.

The VICE-CHAIRMAN: Gentlemen, after this little interlude, let us get back to the case. Mr. Monet will continue his questioning.

EXHIBIT 79

OLIVE & DORION LIMITED

MONTREAL, QUEBEC

Question: Who benefited by increase?

Answer: (1) Producer—by increase, over 48½c. per pound in market value of butter produced in period June 1, 1947 to April 30, 1948.

Prices quoted are on basis Monthly Average Butter Prices, Montreal.
(No. 1 Solids)

Average monthly price	Month	Lbs. production (,000 omitted)	Average gain cts. per pound over 48½ cts.	Dollar value increase (,000 omitted)
cts.			cts.	\$
1947				
48½	May.....			
49½	June.....	49,400	1½	618
49½	July.....	47,391	1½	652
55½	August.....	40,932	6½	2,763
59½	September.....	33,832	10½	4,128
57½	October.....	31,670	8½	2,732
60½	November.....	18,928	11½	2,243
66½	December.....	13,875	17½	2,445
1948				
68	January.....	12,547	19½	2,447
67	*February.....	11,677	18½	2,160
67	†March.....	16,365	18½	3,028
67	‡April.....	23,465	18½	4,341
		305,082	9.034	27,560

* Creamery DBS—Dairy and Whey estimated same as January, 1948.

† Estimated basis 1947 less 8%.

‡ Estimated basis 1947 less 8%.

(2) Holders of storage butter.

Estimated average profits on storage butter 11.21 cents per pound.

	Pounds	cts.	\$
Peak stocks, Oct. 1, 1947.....	73,680,000	11.21	8,260,000
Held in dairy factories.....	21,000,000	11.21	2,354,000
Held in cold storages and in transit.....	52,680,000		5,906,000

RECAPITULATION

Increase in Market Value of Production—

305,082,000 lbs. at 9.034 cents—\$27,560,00

Increase in Market Value, Cold Storage Holdings—

52,680,000 lbs. at 11.21 cents—\$ 5,906,00

By Mr. Monet:

Q. Would you explain to the members of the committee your statement, exhibit 79, in which you answer the question. "Who benefited by the increase?"
—A. I made a bit of a study to see what the answer would look like. This is my effort and perhaps some expert will tear it apart, but I submit it for your guidance and assistance if it is of any use to you.

I have assumed the price of butter at $48\frac{1}{2}$ cents, as it was at the end of May. Then, I have taken the average monthly price for No. 1 solids, Montreal, which I think I took from the chart you are following. Taking the total production as reported in the figures you have—

Q. That would be according to exhibit 52, the D.B.S. statistics?—A. Yes, I have made that calculation showing the average gain in the market value of butter and applied it to the production for those months. That is not a finely weighed average, or anything like that, but I think it may be a barometer in trying to determine who benefited.

It sums up to this—by the way, I had to estimate for February, March and April when the figures were not complete, but I think you will find the estimates very close.

By Mr. Irvine:

Q. That is for 1948?—A. Yes. I had to estimate production a bit there. A total of 305,000,000 pounds of butter were produced in that period. The average gain in cents per pound over $48\frac{1}{2}$ is 9.034, so the total increase in value was \$27,560,000 for the butter marketed.

Now, I am assuming, and I think properly so, that the producer benefits by the change in price. Anything I know of the business is always indicated to me that when the price of butter moves up the producer receives a benefit in increased butter fat prices.

By the Vice-Chairman:

Q. By "producer" you are referring to the farmer?—A. Yes.

By Mr. Johnston:

Q. That would not be true of the butter in storage?—A. A little lower down on the page I deal with storage butter; that is the market value of butter produced.

Coming to the holders of storage butter; I believe the peak stock was on October 1 when it was reported there were 73,680,000 pounds. I took the liberty of using the figure of 11.21 cents as the average profit because I think that figure was submitted by a previous witness.

By Mr. Monet:

Q. That was Canada Packers?—A. Then, held in dairy factories, 21,000,000 pounds; I am not able to say who owns that but I estimate it would be butter produced at that time of year, so I deducted that to get a net figure of 52,680,000 pounds held in storage. In that figure there would also be the butter held by co-operatives. I did not have that information either, but I am quite sure the co-operatives held butter on that date. I think that has been given in evidence before the committee. If we take the 52,680,000 pounds at 11.21 cents per pound, we have a figure of \$5,906,000. This figure may be reduced a bit at our discretion, to the extent you think co-operatives participated in that holding.

You find, on recapitulation, according to this calculation I have made, that the increase in the market value of production was \$27,560,000 or a fraction over

9 cents per pound. The increase in the market value of cold storage holdings at 11.21 cents per pound amounted to \$5,906,000. I have made that study and the figures are available to you.

Mr. LESAGE: That is very valuable information.

By the Vice-Chairman:

Q. The \$27,560,000 went to those who produced it, either farmers or some person before the wholesaler?—A. Yes, sir.

Q. The farmer or creamery, would that be a fair way to put it?—A. Yes.

By Mr. Winters:

Q. Over how many people would that be spread?

By Mr. Monet:

Q. This amount would be taken by the farmers and creameries, the wholesalers would not come in there?—A. No.

Q. And the retailers would not, of course, either?—A. No.

Q. Now, I want you to turn to exhibit 77 which deals with your own operations. I see from the index to the statement that pages 2, 3 and 4 deal with your butter operations from 1939 to 1948, inclusive. Pages 5 and 6 deal with other operations. What are your other operations?—A. Primarily cheese.

Q. Anything else?—A. We do handle some diversified products, at times. We handle a little milk powder and sometimes we handle a few eggs for export orders for customers to whom we are selling things like butter and cheese. As a service, we handle a few eggs.

Q. Pages 7, 8 and 9 deal with your butter operations by months, as requested by counsel. Page 10 deals with your monthly inventories. Pages 11, 12 and 13 deal with general information which you were requested to supply to the committee.

Coming back to pages 2, 3 and 4, Mr. Olive, I take it that the profits listed there under the heading "Net profit" are the profits before taxes?—A. Yes.

Q. So, from 1939 to 1946, you had a profit every year?—A. That is correct.

Q. Your largest profit was in the year 1944, when it was \$52,659?—A. Right.

Q. In 1947, the profit was \$208,357?—A. Correct.

Q. For the first two months of 1948, it was \$141,660?—A. Right.

Mr. LESAGE: That would be due normally to the abnormal profit on storage butter.

By Mr. Monet:

Q. We will come to that a little later. I suppose that was mostly due to the abnormal profit on storage butter as was the case with the other witnesses?—A. Yes.

Q. The next line concerns sales. I see that in 1947 the sales in pounds were larger than some of the previous years. Could you give any explanation for that?—A. Well, yes, I can. In 1946 butter was closely rationed and, for part of the year, the ration was four ounces. Automatically, our sales were reduced. If you go back to 1944 and 1945 when the ration was eight ounces, you will find our sales can be compared a little more readily with 1947. The only reason for the variation in our sales is that there was just that much more demand from the consumer which was reflected from our customers to ourselves.

By the Vice-Chairman:

Q. 1944 is closest to 1947 in volume, is it not?—A. Yes.

Q. What was the position in Canada respecting butter production in those two years?—A. I would have to refresh my memory on that, sir, by looking at the figures. In 1944, the production of creamery butter was 298,000,000 pounds according to Exhibit 52. In 1946, it was 271,000,000 pounds.

Q. We were speaking about 1947?—A. In 1947, it was 290,800,000.

The VICE-CHAIRMAN: 8,000,000 less this last year than in 1944.

By Mr. Monet:

Q. Then, as net profit Mr. Olive, you show .18 cent a pound in the year 1943 and that is net profit is it?—A. That is correct.

Q. It increases to .45 in 1944; it is down to .33 in 1945; it goes up to .48 in 1946; it goes to 1.68 in 1947 and to 6.69 in 1948?—A. The last figure is for only two months.

Q. Yes, for two months. Now is this net profit of 6.69 for the first two months of 1948, do I take it that there is included some of your stored butter which was sold during that period?—A. That is right.

Q. Can you tell us the amount of butter that is figured for those two months to give you the net profit of 6.69?—A. Your questioning is anticipating me a little.

Q. We may get it in another way on another page of your statement. You said a moment ago that all your stored butter is gone?—A. It is now.

Q. So that all the stored butter is included in this net profit of 6.69?—A. No, we had some butter left at the end of February.

Q. Can you tell the members of the committee what is included—what did you have left at the end of February?—A. It shows here in the statement.

Q. Yes, on page 11 I think it is shown as 316,392.—A. That would not be all storage butter. Our inventory cost at that time was 57 and a fraction cents per pound. That was our average cost.

Mr. PINARD: Have you any idea of your net profit for the month of March?

The WITNESS: Our net profit for March-April will be about \$5,000.

Mr. PINARD: What is that as a percentage per pound?

Mr. LESAGE: What is it on a pound of butter?

The WITNESS: My calculation is based on the assumption that we would not be able to purchase any butter so it would be on the inventory of 316,692 pounds. The inventory at the end of February was 316,692 pounds and I have made an estimate—it can only be an estimate but it is close—for the period of March-April will have a net profit of \$5,000. On 316,692 pounds it is a very small fraction of a cent profit. It would be 316,692 divided by \$5,000.

Mr. IRVINE: I do not think it has been made clear what this company does. I do not know whether it is making butter, buying and selling butter, or storing butter.

The VICE-CHAIRMAN: Yes, I think you are right. I think it was discussed this morning only in a general introductory way.

By Mr. Monet:

Q. I asked the witness if they were dealing in anything else and he said butter and eggs. Would you tell the members of the committee the nature of your operations?—A. We are wholesale distributors.

Q. Do you manufacture butter?—A. No we do not.

Q. You do not own any creameries?—A. No.

Q. You purchase your butter?—A. Yes.

Q. Every pound of butter you sell you purchase?—A. That is right.

Q. From whom do you purchase it?—A. In 1947 we purchased approximately 50 per cent directly from the creameries and 24 per cent from the

commodity exchange. I have another set of figures here somewhere. We purchased 24 per cent from the Canadian Commodity Exchange, 25 per cent from other wholesalers, and 6 per cent from brokers.

By Mr. Pinard:

Q. Would those be the figures for butter only?—A. Yes.

Q. But the same policy applies to cheese?—A. No, the business is operated a little differently there. We would buy most of our cheese directly from the cheese factories.

By Mr. Monet:

Q. Now you purchase butter and you sell it to retail stores?—A. We cut it into prints and distribute it to retail stores.

Q. Do you sell any direct to the consumer?—A. No.

Q. You never do?—A. No.

Q. To whom do you sell it beside the retailer?—A. We sell to jobbers, wholesalers, and creameries.

Q. Do you sell any through brokers?—A. We would sell some through brokers.

By Mr. Johnston:

Q. Do you sell any to jewellers?—A. I beg your pardon?

Q. Do you sell any to jewellers?—A. No, sir, nor do we sell any to druggists.

By Mr. Monet:

Q. Now do you own any warehouses?—A. No we do not own a warehouse, we rent it.

Q. You do not have any accommodation of your own?—A. Nothing that we own.

Q. Anything purchased by you and not sold immediately is stored in public storage?—A. No, we rent our warehouse and store the butter which we own.

By Mr. Lesage:

Q. Do you rent any space to others?—A. We do to the extent that we accommodate our customers. If we sell a man butter for his winter requirements we accommodate him to that extent.

Q. Only your customers?—A. Yes, we are not operating a public storage in that sense of the word.

Mr. MONET: Does that answer your question Mr. Irvine with respect to the operation of the company?

Mr. IRVINE: Yes.

By Mr. Monet:

Q. I am sorry it was not done before. Now Mr. Olive, will you turn to page 3 where you give the details of selling cost and overhead charged against butter operations. Would you explain the figures to the members of the committee? Take, for example, 1947?—A. In the first instance selling costs are costs which can be charged directly to the commodity. It is not possible to make a clear division but those items are listed purposely to assist you in appreciating the overhead and selling cost.

Mr. IRVINE: Are your buying costs included in the selling cost?

The WITNESS: Perhaps it is the way our books are kept and the buying costs would be in there, yes. They are part of the first cost of the product.

By Mr. Monet:

Q. Are the costs listed there the same costs broken down to pounds of butter that we can see in the statement on page 2? For instance as against the selling price in 1948 of 66·41 cents there is a cost of 58·44 cents. I take it that is what the butter cost you?—A. Yes.

Q. Then you have a selling cost of 7·52 cents.

Mr. PINARD: Where is that?

By Mr. Monet:

Q. Pardon me it is 45?—A. Right.

Q. Is that the same selling cost that is broken down on page 3?—A. That is the same selling cost.

Q. Marked down to a pound of butter?—A. That is right.

Q. Then you have the overhead charge of 83 cent?—A. Right.

Q. How do you arrive at that figure?—A. As a matter of fact, Mr. Monet, that calculation was made by your auditors. It is made, I presume, on the basis of information which we supplied to you as being the overhead.

Q. Yes, it is. And it comes from the overhead which you have listed on page 3?—A. So I believe.

Q. I see that for the year 1947 you have charged 80 per cent of the overhead on butter?—A. Yes.

Q. And you made the same charge I presume for selling costs?—A. No, the selling costs are direct charges.

Q. The selling costs are direct charges?—A. Yes.

Q. But you have made an overhead charge of 80 per cent for 1947?—A. Yes.

Q. Well you tell the members of the committee how you arrived at the figure of 80 per cent as applied against butter?—A. We apply the overhead on the basis of sales.

Mr. LESAGE: That is shown on page 4.

The WITNESS: Yes, it is purely on the basis of sales and it is carried through from 1939 to 1947 on that basis.

By Mr. Monet:

Q. Those are the figures on page 4 of your statement?—A. Yes, that is correct.

Q. Where you give the basis of apportioning charges as between butter and other operations?—A. Right.

Q. And on page 4 you give all the information?—A. Yes.

Mr. LESAGE: May I ask a question here?

Mr. MONET: Yes.

By Mr. Lesage:

Q. Is the reduction in other sales in the last three years mostly due to a reduction in the sale of cheese?—A. A reduction in the sale of cheese, did you say?

Q. Yes?—A. Yes.

Q. It is?—A. Yes, a reduction in the sale of cheese.

The VICE-CHAIRMAN: Referring only to your own business?

The WITNESS: Yes, and I do not think this illustrates the production.

Mr. LESAGE: It would not reflect the trend of production in Canada.

The WITNESS: Well, I would hope not.

Mr. PINARD: You simply purchased more butter during that period and less cheese?

The WITNESS: Well, our butter business was expanding in 1947.

Mr. LESAGE: You extended your butter business and decreased the cheese business?

The WITNESS: Yes, there was a good deal of a reduction in the cheese purchased.

Mr. WINTERS: On page 3 why do you show storage as a credit for some years?

The WITNESS: That is an instance where we had customers who stored butter and we have earned some revenue.

Mr. WINTERS: It resulted in an over-all revenue?

The WITNESS: Yes, in this case.

Mr. LESAGE: Mr. Olive, I have a little difficulty following you, would you just raise your voice a little?

Mr. MONET: Did you get the answer, Mr. Winters?

Mr. WINTERS: Yes.

By Mr. Monet:

Q. On pages 5 and 6 you list the operations other than butter. Page 6 shows details of selling costs and overhead charged against operations other than butter?—A. Right.

Q. And you use the same process for arriving at the overhead therein shown as you did with butter?—A. Yes.

Q. For the year 1947 you give an overhead for other than butter of 20 per cent?—A. Yes.

Q. You charged the rest of the overhead as against butter?—A. Right.

By Mr. Lesage:

Q. Did you work out what would be your profit in 1947 on a pound of cheese?—A. I do not know that.

Q. You do not know?—A. No.

By Mr. Monet:

Q. Mr. Olive, I would like to bring your attention to pages 11, 12, and 13 of the statement and I notice that in January and February of 1948 your company was able to make substantially greater purchases of butter than it did in January and February of the previous year. Could you give the committee information on that matter?—A. I think I will have to answer that to some extent by saying that our requirements of butter were heavier in January and February and we did endeavour to the best of our ability to secure the amount necessary to look after our customers. You will notice in January 1947 our inventory was heavier than it was in January 1948 to the extent of about a half a million pounds of butter. We did make greater efforts to keep our supplies up but I am sorry to say that although we have done the best possible job we have not been able to obtain our requirements under the circumstances.

Mr. THATCHER: Before you leave there, Mr. Monet, I have a question.

Mr. MONET: Yes.

Mr. THATCHER: Turning to the figures in column 5 on page 11, "purchase during the month", I notice that your company purchased only 92,779 pounds of butter in April 1946 as against 248,002 pounds in April 1947?

Mr. LESAGE: That is dollars.

By Mr. Thatcher:

Q. Yes, dollars, I am sorry. In May 1946 your purchases were \$393,450 and in May 1947, \$921,711. In June 1946 the figure was \$506,174 as against \$821,371 in 1947. In other words in the three months prior to the removal of ceilings your company bought approximately \$1,990,000 worth of butter as against \$990,000 in the same three months in 1946. The company purchased almost \$1,000,000 more butter in the three months April, May, and June of 1947 than it did in the same months in 1946? Now, you told the committee that as butter administrator you did not know that these ceilings were going to come off. The facts seem to indicate that you bought much more heavily this year, your company profited very greatly as a result; is that correct?—A. No, sir, that is not correct.

Q. Why not?—A. Because, I will tell you why it is not correct; because I could have bought butter in June and July just as cheaply as I could have in the months of May or April.

Q. Now, why did your company, if you did not know that this rationing was coming off, why did you buy a million dollars worth more butter this year than you did in the same period last year?—A. We handle the output of a large number of creameries in the province of Quebec which is shipped to us direct. While I have not an analysis of this information with me on the amount of reduction and the shipments to us in Montreal last spring, I do know that they were very much heavier than they have been in former years or than they have been this year. And I think that would have some bearing on it. The receipts of butter in Montreal of May of last year were 100 per cent over the year before. I believe, the general receipts.

Mr. LESAGE: We can see that they were higher in this particular month, that they were heavier.

Mr. THATCHER: Not proportionately.

Mr. LESAGE: Oh, yes, they were much heavier.

Mr. THATCHER: To me, on the surface it would look as though Mr. Olive, knowing the ceilings were coming off and knowing that the price would jump greatly would have bought a million dollars worth more butter than he did last year.

The WITNESS: But Mr. Olive did not know that, and the price did not jump.

Mr. THATCHER: I did not say you knew it. It looks very much as though—

The WITNESS: You do not mean to imply that, surely.

The VICE-CHAIRMAN: Are you through, Mr. Thatcher? Have you any more questions along that line?

Mr. THATCHER: Yes. There is one question that I still must come back to, I cannot see how Mr. Olive being in charge of this production, being the controller of dairy products, would not have anything to say about the taking off of the price ceilings. I cannot for the world see that.

The VICE-CHAIRMAN: Mr. Thatcher, that is not a question.

Mr. JOHNSTON: You had better ask the witness.

Mr. THATCHER: Well, I am not a lawyer.

The VICE-CHAIRMAN: It is not a question. Mr. Olive has pledged his word under oath, as you know. Now, you may not believe him; but what you have just said a moment ago is not a question. You have simply said: I cannot see how that could be.

Mr. THATCHER: I see your point. I agree.

The VICE-CHAIRMAN: You agree that that is not a question?

Mr. JOHNSTON: It is a comment.

Mr. THATCHER: I accept the correction.

The VICE-CHAIRMAN: I did not want to interrupt before in respect to the question but I wondered whether those questions devoted, as I thought, to impugning a controller who was with the government some months back, were germane to the question at all. You see, we are trying to consider the recent rise, as it is called. I was just wondering whether the question is in order at all. However, it is all over the dam now, anyway. I may have been wrong in allowing the questions; one is inclined to allow questions rather than not to allow them.

Mr. JOHNSTON: I would not agree with you there. If that were the case that this company did buy butter and were hoarding it for an increase, I think that definitely would come within our terms of reference.

The VICE-CHAIRMAN: As there was no ruling the fact that you do not agree does not make any difference, does it?

Mr. IRVINE: There would be no criminal offence on the part of this company buying more butter in these months if it anticipated that it might make a profit. That is what the company is in business for, is it not? I am asking the witness there is nothing wrong with you in going out and buying more butter than you did, let us say the year before, if you thought you could make something out of it.

The VICE-CHAIRMAN: That is what he has stated.

Mr. IRVINE: That is what you have been doing isn't it?

The WITNESS: I think we have conducted our business in the normal manner using our best judgment. We purchased butter at that time just as we purchased it at any other time.

Mr. IRVINE: I think it is true also, Mr. Chairman, that in most cases witnesses who have appeared have shown that they had more butter in these months than they had previously.

Mr. MAYHEW: I think most of the statements filed indicate that.

Mr. MONET: Every witness who has come here has shown that.

Mr. IRVINE: They were all buying on a hunch.

By Mr. Monet:

Q. You made a very abnormal and unusual profit on your butter last fall?—A. Absolutely.

Q. Like all the witnesses who have come here, you did that also?—A. Certainly.

Q. Can you tell the members of the committee what profit you made last fall on your operations say for October, November and December; what profit in excess of the usual profit you made. And that is my last question.—A. The information is all before you. We have given you our profits month by month and year by year.

Q. Would it be right to say that all the butter that you had on inventory by July 31, that on that butter you would get a profit of 9 cents on each pound sold?—A. Quite frankly, I have not figured it out that way. We do not operate a separate storage department. We take the whole inventory.

Q. And then, my last question; take your inventory on July 31, 1947 on that date you had 2,150,561 pounds of butter; is that correct?—A. Right.

Q. Now, this butter—I take it that in the month of July (your column 4) at that time you had 2,150,561 pounds of butter on hand?—A. Yes.

Q. And that butter would have been purchased by you during the month of July?—A. Yes. It would have been purchased in July, or previous, around that

Q. Would it be right to state, according to the purchases listed in the third column to the right there, that this butter would cost you around 47·5 cents a pound?—A. That would be the cost of butter purchased in July, yes. You will notice that our inventory increased a comparatively small amount.

Q. Yes, but the butter you had at the beginning of July was purchased before then?—A. Yes.

Q. What would be the cost of your butter on hand July 1? Would you like to set a certain sum on that?—A. I haven't a figure on that.

Q. Most of it would have been purchased in the month of May, I suppose.—A. No, not by any means.

Q. When would it have been purchased?—A. It would have been purchased in May and June, and we were selling butter as well as buying it.

Q. And the butter purchased in May cost you 47·74 cents?—A. That would not necessarily be the cost of our inventory. That might be influenced by other butter which we would not be storing. That is, the actual purchase price of the butter would not be quite that. The actual cost would probably be 48·5 cents to 49 cents, because that is where the market was.

Q. Let us say that you paid 48 cents a pound for the butter, that that was the cost price of the butter you had on hand on July 1, would that be correct?—A. Let us say a little higher than that if we want to get it nearly correct. I do not think butter sold in May at 48·5 cents, as I remember.

Q. You have shown here your cost of purchases.—A. That is influenced by any purchases we make, which includes low-grade butter which is turned over right away. We handle all grades of butter. We get an average purchase cost and that is what you have in the statement before you.

By Mr. Johnston:

Q. Your selling price—we find there that it cost you 48·64. That would cover some of the type of butter you purchased?—A. Yes, it would.

Q. So that the profit there of the difference between the two, that is 8—·8866?—A. That is right.

By Mr. Monet:

Q. What would be your profit on the butter you had on hand July 1?—A. Well, what is the question?

Q. Would it be 8·8 cents?—A. That is not 8·8 cents, that is ·88 cent.

MR. JOHNSTON: ·886. You are speaking there of your purchases in June, it is 48?

MR. MONET: 48·75.

MR. JOHNSTON: That is your purchase cost, and your selling price was 51 and some odd cents; so the profit there was 2·2 cents and 3·369 cents.

THE WITNESS: Yes. Well, the cost of purchases shown there for June, 48·75—48 $\frac{3}{4}$ cents a pound. I think you can accept that as the figure you wanted, Mr. Monet.

MR. MONET: No, you see, Mr. Olive, what I want to get clear is the profit you made on the butter you had on hand July 1—pardon me, July 31—you had on hand on July 31, 2,150,561 pounds of butter which cost you, you have just said, 48·5 cents a pound.

MR. JOHNSTON: No, he said 47·228 cents.

MR. MONET: Yes, but all this butter was not purchased in that month. That is what the witness said. And we have been told that this butter cost you 48·5 cents a pound. I want to know the price at which that butter was sold by you, not the butter sold in July, but when it was sold.

The WITNESS: I could not give you an answer to that, except to say that it was held for the period that we stored our butter, until we began to reduce our inventory. I could not pick out a particular item and give you what you want on it. All I could do is to tell you when our inventory started to go down. That is when butter started to go up. That is when we were reducing our storage holdings.

Mr. MONET: What the committee wants you to give them, and what I want to get, is information similar to that which we received from the other witnesses who have appeared before us. We want to know, with respect to the butter you had on hand on the 1st of July, as closely as we can get it, the price at which it sold in the following months.

The WITNESS: I cannot tell you that exactly. It would require a complete analysis which would be very difficult to get, but I do not think it would give you any more information than I am giving you here now; unless I misunderstand your question. We make an attempt to meet our trade requirements, and when we reach that point in our storage holdings then we cease buying. But, as you can see from the figures here, in September we just about held our position; in October it started to go down, we were starting to reduce our storage holdings then; and by November there was very little change; in December the change is more substantial again; and that is the way the thing is worked.

Mr. LESAGE: I think Mr. Monet wanted the same kind of figure from you as we got from Canada Packers. That was the average cost of storage butter, and the average profit they made on it; what it cost them to put it into storage and the selling price, without taking into account the purchases made during any particular month.

The WITNESS: We do not operate a separate storage department.

By Mr. Monet:

Q. Another witness yesterday told us the same thing, that they could not give us that. That is all I want to know from you, whether you can give it to us or not.—A. No, we do not operate a separate storage department.

By Mr. Thatcher:

Q. I think, Mr. Olive, you told Mr. Monet that you had 2,000,000 pounds on hand in June when the ceiling came off; is that not correct?—A. Yes.

Q. Therefore, could you not approximate your profit from that? You must have made at least 12 to 13 cents a pound on the butter you bought around the time the ceiling came off.—A. The price did not advance in June.

The VICE-CHAIRMAN: When the ceiling came off the price did not advance.

Mr. THATCHER: When did the price start to jump so much?

The WITNESS: In August.

Mr. LESAGE: I think all the witnesses we have had here admitted a profit on storage butter of around 11 cents a pound. This would be about the same.

The WITNESS: I am quite sure it would.

Mr. LESAGE: You agree with that?

The WITNESS: Yes.

By Mr. Thatcher:

Q. Then, on that basis, you would have made somewhat over \$200,000 by having that amount of butter stored; is that not correct, putting it at roughly \$200,000?—A. Since the 1st of September our profits are shown, the profits we made.

Q. On storage butter alone though would that not be the average increment that you obtained by virtue of the fact that the ceilings went off and the price advanced?—A. By the movement of butter prices from say 50 cents to over 60 cents a pound, we obviously made a substantial amount on the butter we held in storage.

Q. About \$200,000?—A. I have not figured it out from that point of view. The figures are here. I am sure they will explain themselves.

By Mr. Lesage:

Q. This figure of 11 cents would be about right?—A. I think 11 cents would be about the average net profit on storage butter, yes.

Q. As a matter of fact you bought at the market price as the others did and you sold at the market price as the others did so your figure has to be about the same.

By Mr. Monet:

Q. You made unusual profits, abnormal profits?—A. That is right.

The VICE-CHAIRMAN: Are there any other questions by members of the committee? Mr. Monet has no further questions. If not, call the next witness. Thank you, Mr. Olive.

Mr. R. W. Mayhew, Acting Chairman, now presiding.

Arthur James Edward Child, Assistant Treasurer, Canada Packers Limited, called and sworn.

Ford Wiggins, Manager, Produce Department, Canada Packers Limited, called and sworn.

Stanley Prescott, Manager, Halifax Branch, Canada Packers Limited, called and sworn.

Mr. MONET: Mr. Child, would you give us your first name?

Mr. CHILD: Arthur.

Mr. MONET: And your occupation?

Mr. CHILD: Assistant Treasurer of Canada Packers Limited.

Mr. MONET: Your head office is in Toronto?

Mr. CHILD: Yes.

Mr. MONET: Your address?

Mr. CHILD: 12 Oriole Crescent, Toronto.

Mr. MONET: Mr. Wiggins, would you give your full name?

Mr. WIGGINS: Ford Wiggins, Produce Manager, Canada Packers, 67 Anderson Avenue, Toronto.

Mr. MONET: Mr. Prescott, would you give your full name?

Mr. PRESCOTT: Stanley Prescott.

Mr. MONET: Would you speak louder.

Mr. PRESCOTT: Stanley Prescott, 1 Berlin street, Halifax, Manager of the Halifax branch.

Mr. MONET: Now, Mr. Child, Mr. Prescott and Mr. Wiggins, you have been summoned and requested to bring with you all documents pertaining to sales of butter by Canada Packers Limited to Valley Creamery from March 1 to April 6, 1948, and also all documents pertaining to purchases of butter by

Canada Packers Limited from Valley Creamery, and also all documents pertaining to subsequent sales made by Canada Packers Limited of butter purchased from Valley Creamery. Did you bring with you the documents as requested?

Mr. CHILD: Yes, we have a bag full of them.

Mr. MONET: Those are all the documents—

Mr. CHILD: As mentioned.

Mr. MONET: As mentioned in the summons. Have you got more especially a document pertaining to a sale of butter by Canada Packers Limited to Valley Creamery dated March 9, 1948, and if so would you exhibit that document? Mr. Chairman, Mr. Child says he wishes to make a statement.

Mr. CHILD: I should like to say at the outset that as you can see we are here without legal counsel. We do not think we need any. There has been some mention in the newspapers of possible action by the Wartime Prices and Trade Board, but we are waiving any protection against such action. We are not afraid of that at all. Instead of that we are quite prepared to tell you frankly and fully anything you wish to know about our operations at Halifax. To the best of our knowledge we have not broken any regulations and we have definitely not sold any butter unfit for human consumption. You are at liberty to ask questions.

Mr. WINTERS: May I ask a few questions?

Mr. MONET: Pardon me, I should like to see this first invoice if you do not mind. It is a very important one. It is dated March 9, 1948. I want that invoice to be on the table. That would be a sale from Canada Packers to Valley Creamery?

Mr. CHILD: Or transfer.

Mr. MONET: A sale or transfer, whatever it is; I should like to see that invoice.

Mr. THATCHER: Could you pass that around so we can all see it?

Mr. CHILD: We would be delighted to, but be sure we get it back. They are all there. I had better give you them one at a time. That is the one on the 9th.

The ACTING CHAIRMAN: I would suggest that it be read.

Mr. MONET: I must say that this is the first time I have had occasion to see it myself, so if the questions are not well prepared it is because I have not seen this before.

Mr. LESAGE: Would you read the invoice?

Mr. MONET: I will.

Mr. IRVINE: It is the best way to give it to us.

Mr. MONET: This is an invoice of Canada Packers Limited, Halifax, Nova Scotia, reading as follows—the number of the invoice is 85654. "Sold to Valley Creamery Limited, Kingston, Nova Scotia, March 9, 1948: 400 boxes, 56 pounds, western butter solids, 22,400 pounds at 65 cents."

Mr. JOHNSTON: Does it give the grade of the butter?

Mr. MONET: No, it does not so far.

Mr. LESAGE: Read it as it is.

Mr. MONET: Then you have here, Mr. Child, under the heading "extension," "1456000"?

Mr. CHILD: \$14,560.

Mr. MONET: That is the value.

Mr. PINARD: Would you repeat that?

Mr. MONET: The total value is \$14,560, which is 65 cents—

Mr. CHILD: Times the weight?

Mr. THATCHER: Would that be in pounds or in bulk?

Mr. CHILD: That is in solids, 56-pound blocks.

Mr. MONET: "Shipped—"

Mr. CHILD: "Ex—"

Mr. MONET: "Ex Toronto direct to Valley Creamery?"

Mr. CHILD: Yes.

Mr. MONET: What does that mean, "shipped ex Toronto"?

Mr. CHILD: Did not go to Halifax first. It went direct from Toronto to Kingston, Nova Scotia.

Mr. WINTERS: Who was it bought from in Toronto?

Mr. CHILD: From Canada Packers in Toronto.

Mr. WINTERS: Do you know where Canada Packers in Toronto purchased it?

Mr. CHILD: Mr. Prescott might be able to answer that.

Mr. WIGGINS: It is an accumulation of a number of small lots that come in in cars of butter. It was under-grade butter. As we buy cars from western Canada they frequently have different grades. The under grades accumulate until we get enough to move a carload.

Mr. WINTERS: That butter was sold to Valley Creamery at 65 cents, was it?

Mr. WIGGINS: I think I should explain also that this arrangement with the Valley Creamery is one of convenience for reurning and putting the butter in flats. Valley Creamery does that work on a cent commission for us.

Mr. IRVINE: Would you explain what flats are? A flat tire is the only thing I know.

Mr. WIGGINS: In the maritime provinces the custom of serving butter to the consumer by the retailer is in what is known as a flat as compared to what we call prints. A print is roughly $6\frac{1}{4}$ inches by 2 inches by $2\frac{1}{4}$. A flat is—I am guessing a little at this because I do not know the exact measurements, they vary—roughly 10 inches by $4\frac{1}{2}$ by $1\frac{1}{4}$, and they frequently put it in two pounds, not one, marked off in sections so that about half a pound can be cut separately and placed on a platter at one time. It is a custom that apparently—

Mr. IRVINE: They do not deal only with the poor grade in that way?

Mr. WIGGINS: Oh, no.

Mr. LESAGE: May I ask a supplementary question as to where the butter was coming from. It was western butter and it was an accumulation of many months or a few weeks?

Mr. WIGGINS: As a matter of fact, I cannot give you the exact details. I did not look it up, but from recollection that butter came in mostly in February.

Mr. LESAGE: Mostly in February?

Mr. WIGGINS: Yes.

Mr. LESAGE: It was third grade butter that came in various shipments?

Mr. WIGGINS: Under grades of all kinds.

Mr. LESAGE: Under grades in various shipments.

Mr. PINARD: From what part of western Canada did it come, what creamery?

Mr. WIGGINS: I have not got the details of that, but as I recall it it is all Saskatchewan butter.

Mr. JOHNSTON: All Saskatchewan.

Mr. THATCHER: It could not have been too bad.

Mr. PINARD: Do you know if it came from the Saskatchewan Co-operative?

Mr. WIGGINS: Some of it did.

Mr. WINTERS: You said you sold this butter at what was stated here to be 65 cents. Then later on Mr. Wiggins said there was an arrangement whereby Valley Creamery charged a fee. I think we should have that clarified. If it was sold at a certain price then I would say it was a sale transaction, and not a fee transaction.

Mr. CHILD: It is really a transfer.

Mr. WIGGINS: Let me finish that. We pay on most of these transactions 1 cent a pound, and we supply the butter, pay the freight to Valley Creamery, pay the freight back. The matter of charging it out is one of record, and for a very definite purpose. As soon as the butter goes into the creamery for rechurning the identity is lost, and we expect back pound for pound that we ship. In order to keep the record simple it is charged out at one price and charged back at that price plus commission, plus freights.

Mr. WINTERS: Do you have any interest in the Valley Creamery at all?

Mr. WIGGINS: No.

Mr. WINTERS: No financial interest?

Mr. WIGGINS: None whatever.

Mr. WINTERS: I think this must be regarded as pretty much of a sale transaction to the Valley Creamery.

Mr. WIGGINS: We do not so regard it. I will not argue with you about the technicalities of it, because I do not know, but we do not consider it that way.

Mr. WINTERS: You show on this invoice the amount and price?

Mr. WIGGINS: Yes.

Mr. WINTERS: Which is 65 cents. Is that the price prevailing in Nova Scotia for first grade butter in a transaction at that level?

Mr. WIGGINS: No.

Mr. WINTERS: What grade does that apply to?

Mr. WIGGINS: That would apply to under grade butter.

Mr. WINTERS: What do you mean by under grade butter?

Mr. WIGGINS: There are three terms, three different grades, second grade, third grade and below third grade.

Mr. THATCHER: Is that under grade?

Mr. WIGGINS: Those are all considered under grade.

Mr. WINTERS: Which would this be?

Mr. WIGGINS: This was below third grade.

Mr. WINTERS: What classifies it as being below third grade? How does it differ from first grade?

Mr. WIGGINS: Well, butter is degraded from first grade for any one of a large number of imperfections. The main one is flavour. Any flavour that is foreign to butter will disqualify it for No. 1 grade, and the intensity of that foreign flavour will determine to which grade it goes below. If in the manufacture of the butter poor workmanship is done and it has poor texture that will put it out of first grade into some lower grade. If moisture is not properly incorporated it will go down. If there is a mixing of colours it will degrade the butter.

Mr. PINARD: If it is below third grade is it unfit for consumption?

Mr. WIGGINS: Oh, no.

Mr. IRVINE: Does your company send the poorer grades only to Nova Scotia?

Mr. WIGGINS: No, I do not think you can accuse us of that. To come back to your question, Mr. Winters, the cream coming into a creamery is graded by

the butter maker and if there are foreign flavours at that time, he will pick out those cans and they are churned separately. So far as the butter fat itself is concerned, as fat value, it is exactly the same as No. 1. If, by poor workmanship, they do not get the right texture in the butter, that has not changed the food value of the butter fat whatever.

Mr. THATCHER: Could you tell us what the three price grades are in Nova Scotia, or the prices which were prevailing at that time?

Mr. LESAGE: I think Mr. Spence can give that information to the committee.

Mr. WINTERS: I think Mr. Spence can tell us that. I should like to pursue this matter of third grade butter a little farther. What is there in the third grade butter that gives it the offensive taste?

Mr. WIGGINS: One of the most common things is weed flavour. The one we have here is leeks. The leek flavour will carry through into the cream and the butter, as will turnips, rape and various kinds of weed.

Mr. WINTERS: Does it detract from the food value?

Mr. WIGGINS: No.

Mr. WINTERS: I have a communication here from Halifax which says that the Lily brand, which is apparently sold by you, was inedible, high priced, fearful tasting and nauseating to a normal stomach.

Mr. WIGGINS: There is only one term with which I would agree there, butter with this weed taste has a bad taste. I do not know what you mean by "fearful".

Mr. WINTERS: The food value is—

Mr. WIGGINS: The food value is all right.

Mr. WINTERS: After the butter was sold to Valley Creamery it was made into prints by them, then was it repurchased by Canada Packers?

Mr. WIGGINS: Yes.

Mr. MONET: If you will excuse me a moment, Mr. Winters. I have the invoice here for that second part. Are you finished questioning on the first part?

Mr. WINTERS: Except to point out that I do not see the grade of butter specified on the invoice.

Mr. MONET: There is no grade mentioned in the invoice?

Mr. WIGGINS: No.

Mr. WINTERS: Is it not a requirement that the grade should be specified by the company on this transaction?

Mr. CHILD: I do not think so because this creamery was going to provide a service for us.

Mr. WINTERS: Nevertheless, it is a sale from one company to another. You say you have no financial interest in this company?

Mr. CHILD: No, they are performing a service for us. They are not selling butter to the public.

Mr. JOHNSTON: Did you not say you did not get the same butter back?

Mr. WIGGINS: No, we lost the identity of it, that is all. I think the answer to your question, Mr. Winters, is that there was no deal on this. There was no licker at all between the Valley Creamery and ourselves as to what the price would be.

Mr. WINTERS: It is invoiced at 65 cents.

Mr. CHILD: That is our record.

The VICE-CHAIRMAN: Has this invoice been given a number as yet? Is it to be identified by a number? We might lose its identity.

Mr. LESAGE: No, not yet, but it should be.

The VICE-CHAIRMAN: It should be.

Mr. WINTERS: I think it should be.

The VICE-CHAIRMAN: There is also a question as to whether it should go into the record as is.

Mr. WINTERS: I think it should go into the record as is.

The VICE-CHAIRMAN: That will be marked as an exhibit and, at this point, printed in the record. Agreed?

Agreed.

EXHIBIT No. 80: Invoice from Canada Packers Limited to Valley Creamery Limited, March 9, 1948.

INVOICE

No. 85654

CANADA PACKERS LIMITED

HALIFAX, N.S.

Sold to Valley Creamery Ltd.
Kingston, N.S.

Date: Mar. 9, 1948

Quantity	Description	Weight	Price	Extension
400/56	Boxes Western Butter Solids Shipped ex Toronto Mar. 3 direct to Valley Creamery.	22400	65	14,560.00

Mr. JOHNSTON: I should like to pursue one point Mr. Winters brought up.

The VICE-CHAIRMAN: I have no objection, Mr. Johnston, except that I was going to turn to Mr. Winters and ask him if he intended to follow that up. I know you would not wish to interrupt him.

Mr. JOHNSTON: I was afraid he was going to leave that point.

Mr. WINTERS: I will come back to that point.

Mr. JOHNSTON: If this invoice is merely a record, I want to know if you got the same butter back as you shipped?

Mr. WIGGINS: We got the same number of pounds back.

Mr. JOHNSTON: You do not know whether you got the same butter back?

Mr. WIGGINS: I cannot prove that.

Mr. JOHNSTON: Would the Valley Creamery be able to say whether you got the same butter back or not?

Mr. WIGGINS: I do not know, he may or may not, depending on whether he was processing any other butter at the same time.

Mr. WINTERS: The witness says that this butter was repurchased from the Valley Creamery. Has the witness invoices showing that transaction, the price at which it was repurchased?

Mr. CHILD: Yes.

Mr. MONET: To make this clear, this is an invoice covering the return from the Valley Creamery to Canada Packers. Is there any way of knowing definitely whether the return—you have just used the word "return"—is the return of the same butter mentioned in Exhibit 80?

Mr. CHILD: We do not know. The same quantity was returned and that is all we are sure of.

Mr. MONET: You do not know whether it is exactly the same butter?

Mr. CHILD: No.

Mr. WINTERS: That would seem to establish it as a clear sale, Mr. Chairman.

The VICE-CHAIRMAN: I beg your pardon?

Mr. WINTERS: That would seem to establish it as a clear selling transaction.

Mr. CHILD: So far as we are concerned, we do not care what application you put on it, we will just tell you what happened.

The VICE-CHAIRMAN: There are two or three wanting to ask questions at the same time, but I think Mr. Winters should be allowed to follow his line.

Mr. WINTERS: Does the repurchase invoice show the repurchase price?

Mr. MONET: I am going to read the invoice which will be filed as Exhibit 81.

The VICE-CHAIRMAN: It will be printed in the record as if it had been read at this point.

Mr. MONET: Do you wish me to read it now?

The VICE-CHAIRMAN: Yes.

Mr. MONET:

EXHIBIT No. 81.—Invoice to Canada Packers Limited from Valley Creamery, Limited, dated March 19, 1948.

INVOICE

KINGSTON, N.S., March 19, 1948.

Messrs. Canada Packers Limited
Halifax, N.S.

Bought of

VALLEY CREAMERY, LIMITED

Terms—Net Cash

Phone 22-2

To 415 cs. White Lily Butter

22,400 lbs. @ 67c.....\$ 15,008 00

Prepaid freight Kingston to Halifax.....12 60

\$ 15,020 60

(In ink) Price O.K.

There are some initials on this statement.

Attached to this invoice are two documents called, "Receiving Voucher"; they will form a part of Exhibit 81. The second document is exactly the same as the first and they just show that this butter came into the plant of Canada Packers. Sent from Valley Creamery, 414 cases White Lily Butter, 2,356 pounds—

Mr. THATCHER: Where did the extra come in?

Mr. MONET: Just a moment; that invoice is dated March 23, 1948. Then, there is another one, 1 part case White Lily Butter, 44 pounds.

Mr. CHILD: I should explain that the butter goes out in 56 pounds solids and comes back in the flats of which we spoke, so there will be a different number of cases.

Mr. WINTERS: Does that invoice show the grade of the butter?

Mr. MONET: There is nothing else on this invoice showing the receipt of the butter except what I have read.

Mr. WINTERS: It now has received a brand name and it is called Lily brand?

Mr. CHILD: White Lily.

Mr. WINTERS: And the price is 67 cents a pound.

Mr. MONET: 67 cents a pound plus freight.

Mr. WINTERS: What is the maximum legal price for third grade butter sold to a wholesale buyer in Halifax?

Mr. WIGGINS: 66 cents.

Mr. HARKNESS: Could I interject one question here? After this butter has been rechurned by the dairy or the creamery and sent back to you at 67 cents, what was its grade?

Mr. CHILD: Perhaps you should know there is no grading in Nova Scotia.

Mr. HARKNESS: I do not, but I wondered what difference the rechurning of the butter made, whether it improved the grade.

Mr. WIGGINS: That sometimes happens with second grade butter when the difficulty is one of those I have mentioned, poor texture, moisture, colour and on I didn't mention, bad packages. In the case of below third grade butter, it would be very difficult to bring it back up very far unless you had a case of butter with surface mould. Surface mould puts it into below third grade and a half an inch could be shaved off and the remainder of the butter is very often of the proper flavour and can be put to a higher grade. Butter with heavy weevil flavour very seldom comes back up.

Mr. HARKNESS: What then was the purpose of re-churning this butter?

Mr. WIGGINS: There is one statement we have not made which is an answer to your question. There is a difference in the habits in the various sections of the country as to the amount of salt they like in butter. In Nova Scotia, particularly, they like butter with about 3 per cent salt. Normally, all butter throughout Canada is packed with 2 per cent or less. The Dominion government grading standards ask for 2 per cent or less, but in Nova Scotia, they like a high salt butter. It is re-worked and this 1 or 1½ per cent salt added.

Mr. HARKNESS: That is, essentially, the reason for re-churning it, to increase the salt?

Mr. WIGGINS: That is one of the reasons, the other is to get it into the flat

Mr. WINTERS: This butter was sold back to the wholesaler who is Canada Packers at 67 cents, whereas the legal price, as the witness said, was 66 cents. I then added, though, there was no grading in Nova Scotia. Apparently, he is clear in his understanding of the situation and he knew this was below third grade butter and still accepted it back from the creamery at 67 cents which he knew to be above the price for third grade butter.

Mr. CHILD: Is not the important point what we sold it to the public at?

The VICE-CHAIRMAN: As I understand it the position Mr. Winters desires to establish is that you have a company called A and it sells to another company called B. There is no connection between the two companies. They may operate so closely together that A company does not really regard the transaction as a sale, though legally it may be a sale.

Mr. WINTERS: It seems clearly established, Mr. Chairman, that the Valley Creamery sold to Canada Packers below third grade butter at a price higher than the legal price prevailing in Nova Scotia for third grade butter. By the same token, Canada Packers purchased the same butter at a price which was higher than the legal price.

Mr. CHILD: We claim, of course, that is not a sale.

Mr. LESAGE: How?

Mr. CHILD: The Valley Creamery performed a service for us for which we aid.

Mr. LESAGE: That is not what the invoice shows.

Mr. CHILD: The invoice is our record of the transaction. We must have a record of the transaction.

Mr. LESAGE: I do not see anything on the invoice about a service, it is a straight sale.

Mr. WINTERS: It looks like a clear sale. I do not think you could ask that one set of circumstances and one set of prices apply to this transaction and another set of circumstances and another set of prices apply to some other transaction.

Mr. HARKNESS: I would suggest the answer to this question will determine whether it was a sale or not. Did the Valley Creamery pay you the \$14,000 mentioned as owing on the invoice?

Mr. CHILD: Yes, because it may be some time before we get the butter back.

Mr. LESAGE: Well, that is it.

The VICE-CHAIRMAN: Just a moment, Mr. Lesage, I have to ask the committee to consider a matter of a different sort for a few moments before we adjourn. It is now ten minutes to six. Tomorrow, this room will be occupied from twelve o'clock onwards by a Liberal caucus. As yet, we do not know whether any other room will be available. Perhaps the committee would agree to adjourn tonight and if there is to be a meeting tomorrow morning the chairman will send out notice.

Mr. THATCHER: I would move that there be no meeting tomorrow morning.

Mr. IRVINE: I would second that motion.

The VICE-CHAIRMAN: Is it agreed that we do not meet tomorrow morning? Agreed.

Mr. WINTERS: May I now continue, Mr. Chairman?

The VICE-CHAIRMAN: Yes, you may continue.

Mr. WINTERS: Apparently, Mr. Chairman, we can sum this matter up, in spite of the miscellaneous digressions of one kind and another which we have had, at the point where there were two transactions with a sale above the legal price fixed for the sale of butter and in connection with neither transaction was the brand of the butter specified?

Mr. HARKNESS: You mean the grade?

Mr. WINTERS: Yes, the grade.

Mr. HARKNESS: Well you said "brand".

Mr. WINTERS: I meant grade. Are the invoices used in this transaction the normal type of invoices for transactions of this nature?

Mr. CHILD: Yes.

Mr. JOHNSTON: Do the invoices usually have the grade indicated on them when your company buys butter?

Mr. CHILD: I cannot answer that.

Mr. WINTERS: I would like to pursue my line of questioning if I might.

The VICE-CHAIRMAN: Yes, and I suggest, gentlemen, that you do not interrupt Mr. Winters unless it comes to the point where he is not covering something about which you wish to know and then we generally use the expression "let us follow that a little further." Everybody is quite eager to ask questions but you will have to make some allowance for the other members. Now, Mr. Winters, you have asked the question "is this the usual type of invoice?"

Mr. WINTERS: Yes, and the witness answered "yes".

Mr. WIGGINS: It is normal procedure to mark the grade on invoices for butter. I can only repeat to you, Mr. Winters, that we did not regard this as an invoice in the regular way. This is an operation where a man performs a service. We keep a record and we happened to keep it on the form that is used as an invoice.

Mr. WINTERS: But you do admit this butter was returned to you above the legal price for butter?

Mr. WIGGINS: No, I do not admit that. I admit the butter came back at a price which we charged, plus a service charge. There was no deal in it at all and we did not agree to sell it at 65 cents.

Mr. WINTERS: You sold it at 65 cents?

Mr. WIGGINS: We did not agree to sell.

Mr. WINTERS: The price is on the invoice—65 cents—and then you bought it back at a price of 67 cents. That is quite clear; it is on the invoice, and neither case is the grade specified. I would ask then if it is a common practice of your company to engage in transactions of that nature?

Mr. CHILD: It is customary for us to do the same thing with other creameries and to do the same thing with other products. In any case when anything leaves our plant it must go out on an invoice so that we have a record and our records are kept in order. We could head the document "transfer" instead of "invoice" except that we do not use that type of document. Anyone in business must have a record of his transactions. This is our method of recording that transaction.

Mr. LESAGE: But this butter was bought?

Mr. WINTERS: Well that is a matter of definition or interpretation.

Mr. CHILD: It is not necessarily so. We may have a contra-charge opposite that amount.

Mr. PINARD: May I interrupt? I wish to address the chair.

The VICE-CHAIRMAN: Yes.

Mr. PINARD: These invoices speak for themselves. They are not to be contradicted and changed by the witness. They are sales on the market and the prices are on the invoice.

Mr. LESAGE: They are written documents.

Mr. PINARD: Yes, they are written documents and they cannot be contradicted, in my opinion at least.

Mr. WINTERS: I have no doubt the committee will be able to put a proper interpretation on those documents. Then may I ask to whom this butter was sold after it was received back in prints from the Valley Creamery?

Mr. CHILD: To our customers.

Mr. WINTERS: Can you give a list of the customers who received this particular lot of butter?

Mr. MONET: Have you any invoices for the sale of this particular butter to your customers?

Mr. CHILD: We have hundreds of them.

The VICE-CHAIRMAN: Well I do not suppose it is desirable to go through all the invoices?

Mr. WINTERS: You could give a list of the retailers who received the butter. I think.

Mr. MONET: Who received this particular butter mentioned in Exhibit No. 81? Have you got a list of your customers who received some of the butter described on Exhibit No. 81, the last document filed?

Mr. CHILD: Perhaps I could simplify this if you would allow me.

Mr. MONET: Well tell us whether you have the invoices?

Mr. CHILD: We have all the invoices in question on the sale of butter since the 1st of March.

Mr. MONET: Have you a list of customers for this particular transaction to which we are referring, listed on Exhibit No. 80 as being a sale from Canada Packers to Valley Creamery, and then from Valley Creamery to Canada Packers mentioned on Exhibit No. 81? Have you got a list of the invoices of sales of this particular butter, the transaction of 22,400 pounds?

Mr. CHILD: I do not suppose we can aggregate the sales of all of the 22,400 pounds because before all of that butter would be gone I would think we would have other butter coming in.

Mr. WINTERS: Well, I am sure that you know something about this butter. Can you give me a list or a partial list of the retailers to whom it was sold with the prices at which it was sold, and I think it would be a good idea if we had a sample invoice read right at this point?

Mr. MONET: Have you got an invoice you could give us now?

The VICE-CHAIRMAN: Just a moment, would it not be a good place to adjourn so that the witness could examine the invoices and give us an answer tomorrow?

Mr. WINTERS: Yes, but I would like to ask before the witness leaves that he tell us the price at which this butter was sold to the retailers?

Mr. MONET: Perhaps Mr. Prescott could answer that? At what price was the butter included in Exhibit No. 81 sold to the retailers?

Mr. PRESCOTT: 67 $\frac{1}{4}$ cents.

Mr. MONET: To the retailer; and is that first grade butter?

Mr. PRESCOTT: That is White Lily Brand which we know is not first grade.

Mr. WIGGINS: That is the ceiling price for below third grade butter.

Mr. MONET: And it was sold to the retailer at that price?

Mr. CHILD: Yes.

Mr. MONET: Have you the invoice for that transaction?

Mr. CHILD: Yes.

Mr. MONET: Would the sort of invoice used for the transaction indicated in Exhibit No. 81—

Mr. WINTERS: Just a moment, the witness says the butter was sold to the retailer as first grade butter at the price prevailing for below third grade butter.

Mr. MONET: It was sold at the ceiling price for below third grade butter.

Mr. PINARD: I would like to ask the price originally paid for that butter when it came from the west to Toronto?

Mr. WIGGINS: I am sorry I have not got that information.

Mr. PINARD: I would like to have it for tomorrow.

Mr. WIGGINS: We might be able to determine the identity of it but I am not sure.

The VICE-CHAIRMAN: I think this is a satisfactory place to adjourn.

Mr. LESAGE: I have just one question. Was it all sold at 67 $\frac{1}{4}$ cents?

Mr. WIGGINS: Yes it was.

Mr. MONET: The whole lot?

Mr. WIGGINS: It was sold to retailers at $67\frac{1}{4}$ cents, but there were two sales to wholesalers at the correct wholesale price.

Mr. LESAGE: What was the correct wholesale price?

Mr. PRESCOTT: It would be 1 cent under the price to retailers—that is $66\frac{1}{4}$ cents.

Mr. LESAGE: You sold part of this butter to wholesalers at a price lower than the price at which you bought it?

Mr. PRESCOTT: Yes.

Mr. WIGGINS: No, no.

Mr. LESAGE: Is your answer to my last question "yes"?

Mr. WIGGINS: No, that is not the correct interpretation which you are putting on the transfer. It was sold for a price less than that mentioned on the transfer but it is not less than the cost for the butter.

Mr. LESAGE: Well that is a question for our interpretation.

Mr. WINTERS: I would like to ask this final question? Did you sell any of this butter to retailers at the regular selling price prevailing for first grade butter?

Mr. WIGGINS: No.

Mr. PINARD: I have one last question.

The VICE-CHAIRMAN: Just a moment, Mr. Pinard. There are too many final questions and we must stop at some point. I think probably Mr. Winters' question had better be the final one and yours can come when we reconvene.

The meeting adjourned to meet tomorrow, April 13, 1948 at 4.00 p.m.

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HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

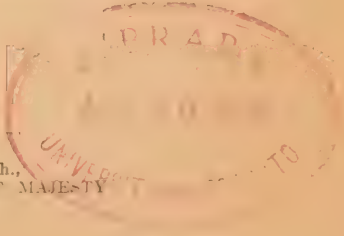
No. 36

TUESDAY, APRIL 13, 1948

WITNESSES:

- A. J. E. Child, Assistant Treasurer, Canada Packers Limited, Toronto, Ont.
- Ford Wiggins, Manager, Produce Department, Canada Packers Limited, Toronto, Ont.
- S. C. Prescott, Manager, Halifax Branch, Canada Packers Limited, Halifax, N.S.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948



MINUTES OF PROCEEDINGS

TUESDAY, APRIL 13, 1948.

The Special Committee on Prices met at 4.00 p.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Beaudry, Cleaver, Fleming, Irvine, Johnston, Mesage, Martin, Maybank, McCubbin, Merritt, Pinard, Winters.

Mr. Fabio Monet, K.C., Counsel to the Committee in attendance.

Mr. A. J. E. Child, Assistant Treasurer, Mr. Ford Wiggins, Manager, Produce Department, Canada Packers Limited, Toronto, and Mr. S. C. Prescott, Manager, Halifax Branch, Canada Packers Limited, were recalled and further examined.

Mr. Prescott filed,

Exhibit No. 82—112 corrected butter invoices, Canada Packers Limited, Halifax, to various retailers.

Exhibit No. 83—Statement of account, Canada Packers Limited with Valley Creamery Limited, Kingston, N.S. (Printed in this day's Minutes of Evidence).

Exhibit No. 84—Invoice No. 89235, Canada Packers Limited, Halifax, to Swift Canadian Company, dated March 23, 1948, for 100 boxes White Lily Butter, 5,400 lbs. at 66½¢, total \$3,577.50. (Printed in this day's Minutes of Evidence).

In the temporary absence of the Chairman, Mr. Maybank, Vice-Chairman, took the Chair.

At 6.00 p.m. witnesses discharged and the Committee adjourned until Wednesday, April 14, at 4.00 p.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

April 13, 1948.

The Special Committee on Prices met this day at 4.00 p.m. The Chairman, Hon. Paul Martin, presided.

Mr. MONET: Mr. Child, Mr. Prescott and Mr. Wiggins, would you come forward?

Arthur James Edward Child, Assistant Treasurer, Canada Packers Limited, recalled.

Ford Wiggins, Manager, Produce Department, Canada Packers Limited, recalled.

Stanley Prescott, Manager, Halifax Branch, Canada Packers Limited, recalled.

Mr. CHILD: Mr. Chairman, in the closing minutes of yesterday's session there was a question put to us with regard to the price at which we sold this sort of below third grade butter to our customers in Halifax. I think the answer to that question requires amplification. I should like to make a statement to that connection. I have a copy of that statement for all of the members.

Mr. MONET: This has been prepared since last night?

Mr. CHILD: Since last night.

Mr. MONET: Would you distribute this statement? It does not need to be read.

Mr. IRVINE: You are going to read it?

Mr. CHILD: Yes.

The CHAIRMAN: This will go into the record as his verbatim statement.

Mr. MONET: You can start reading.

Mr. CHILD: This is with regard to the shipment of butter from our Halifax branch on March 23, 1948.

On Saturday, March 20, 1948, we had no butter at our Halifax branch. Our salesmen were, however, accepting orders which, because of the current short situation, were subject to being filled if and when butter was received at the warehouse.

The orders were written in advance by our salesmen, and, because of the uncertainty of having butter, they were written on separate forms—for butter only—to be held by the shipper until the arrival of the butter.

In our system these orders are written on the same form which later becomes the invoice, after the quantity is filled in by the shipper, and the value computed in the office.

Our butter was coming chiefly from the Valley Creamery at Kingston, Nova Scotia, and up to that time we had received only first-grade butter in Valley and Kingston brands. Therefore, the salesmen expected the orders to be filled with first-grade butter and had priced them accordingly.

Actually, a shipment of below third-grade butter, White Lily brand which is a private brand of the Valley Creamery, arrived late Monday afternoon, March 22. The orders for butter were filled from this shipment first thing Tuesday morning and the truck left the warehouse about 8.30 a.m. The shipper did not notice that an under-grade butter had gone out at first-grade price. White Lily was a brand we had not been selling for some time and the grade of the butter was not shown on the wrapper, as it is not compulsory or customary to do so in Nova Scotia.

The same morning, shortly after he came to the office, the branch manager, S. C. Prescott, noticed that below third-grade butter had been invoiced at first-grade price. He immediately had the office copies of the invoice changed, so that the customers would be charged in our books for the correct amount. The invoices, 112 of them for 6,912 pounds, were all changed by noon the same day. All subsequent sales, which were the bulk of the shipment—that is the shipment of 22,400 pounds—were invoiced in the first instance at the correct price.

In addition, the sales supervisor, Russell Gale, was advised of the error and he informed our seven salesmen as soon as possible. The last of them was notified by 4 o'clock the same day. They, in turn, telephoned those customers who could be reached by telephone. Some were telephoned the same night and most of them the next day. Customers who could not be reached were notified at the first call of the salesman. They might have been two or three days later in some cases.

Mr. MONET: Excuse me, but right there you refer to customers who could not be reached. Do you mean by that your customers or consumers.

Mr. CHILD: Our customers.

An advice of the error and of the correct price at which White Lily brand butter should be invoiced was posted on the salesmen's bulletin board the same day.

In our books of account, and on the statements to the customers, the butter was charged at the correct amount. In the case of C.O.D. customers refunds were made and the customers were notified by telephone as stated previously. There were 33 C.O.D. customers and the refunds amounted to a total of \$32.52.

All these corrections were made by us and the customers notified long before any complaint was made by officials of the Wartime Prices and Trade Board.

(Mr. Ralph Maybank, Vice-Chairman, now presiding.)

Mr. CHILD: Having read that statement I should like to make one more statement with regard to the transactions that were discussed yesterday between ourselves and Valley Creamery. One of the gentlemen asked me if payment was made by the Valley Creamery to us when the butter was shipped to Valley Creamery, and if in turn payment was made by us to Valley Creamery when the butter was shipped back. I was under the impression yesterday that that was what we would have done, but I have since been talking to Halifax on the telephone this morning and they tell me that is not the case, that we run a contra-account with Valley Creamery in connection with these operations. I have with me a transcript of that account from the 1st of March to date showing the entries to and from Valley Creamery, and showing that no money is paid in the account at all, that is, no payments are made by us to Valley Creamery and no payments made by Valley Creamery to us except to clear the account periodically.

On the telephone I was unable to find out just then when the account had been cleared so I asked them to telegraph me. I have a telegram now saying:

Valley Creamery Limited account cleared November 26, 1947, December 11, 1947, and January 8, 1948, which was last clearance. Balance in account, \$621.91.

Having given you that information, we are open to any further questions.

Mr. WINTERS: Mr. Chairman, I would gather that despite what the witness said last night about not selling any of this third grade butter at first grade prices, they have in fact had some sales of third grade butter in Halifax at first grade prices.

Mr. CHILD: I have merely given you what did happen in my statement.

Mr. WINTERS: That is the case, is it not?

Mr. CHILD: As I say, I have given you what happened. Mr. Prescott is here, who handled the matter at Halifax. I would suggest you ask him.

Mr. WINTERS: Was the statement you gave at the end of the hearing yesterday afternoon incorrect?

Mr. CHILD: I should say it required amplification. It required just what I have given.

Mr. WINTERS: I think yesterday afternoon you said definitely "no" to my question. I asked you if any third grade butter was sold at first grade prices.

Mr. CHILD: I do not think I would like to get into a technical argument on the matter. The actual fact is, I think, that when the transactions were fully completed that no third grade butter had been sold at other than third grade prices.

Mr. WINTERS: I do not think there is a technical argument as to when "no" does not mean "no". We can argue technically as to when a sale is not a sale, but certainly this appears to me on the face of it to be a sale between you and the Valley Creamery Company. In the fourth paragraph of your first statement you say:

Therefore the salesmen expected the orders to be filled with first grade butter and had priced them accordingly.

You know that prior to that time you had sold to the Valley Creamery one carload of below third grade butter. Then how can you say you had no reason to expect anything but first grade butter would be received back from the Valley Creamery?

Mr. CHILD: I think that is quite easy to explain. Valley Creamery is not a customer of ours, not a retail customer of ours. We do ship butter in solids to be rechurned by the Valley Creamery. That butter came back to us in the form of White Lily brand flats on the 22nd of March. That was the first time in a long time that we had received any White Lily butter. We had been receiving, I might say, from the Valley Creamery two of their first grade brands, Valley brand and Kingston brand.

Mr. WINTERS: You also said in Nova Scotia there is no butter grading, and that therefore invoices are not required to be marked with the grade. Is that true despite the Wartime Prices and Trade Board orders to the contrary, which seem to indicate to me, at any rate, clearly that the grade must be specified, and that certain prices must be charged for certain grades.

Mr. CHILD: I think Mr. Wiggins can answer that better than I can. He is more of an expert on butter.

Mr. WIGGINS: I believe in all provinces except Nova Scotia and Prince Edward Island it is compulsory to have butter graded that is sold retail, and the grade of the butter marked clearly on the wrapper. That is under the Dairy Products Act, a Dominion Act, which requires enabling legislation by the

provinces. That has never been enforced in Nova Scotia. The butter we ship in from outside to those two provinces is marked, but the butter that is normally packaged in Nova Scotia does not have the grade marked on the wrappers.

That is one act by itself. The Wartime Prices and Trade Board reference requested the butter to be sold on grade. There is no doubt about that, but it does not have to be marked on the butter.

Mr. WINTERS: So there is some irregularity, is there not, with respect to the Wartime Prices and Trade Board order regarding grade marking?

Mr. WIGGINS: I think that irregularity, if you call it that, comes in this way. In the province of Ontario, for example, registered brands are recognized as a grade. If a brand is on the wrapper of the butter the grade is also, and then in the invoicing if the brand name is used it is considered sufficient to indicate compliance with the regulation. Where the brand name is used in Nova Scotia I believe that has also been accepted although I am no authority on that.

Mr. MONET: Excuse me for interrupting. Are you referring now to the administrator's order?

Mr. WIGGINS: Yes.

Mr. MONET: The administrator's order has been filed as Exhibit 54, and unfortunately does not read the same way as you have put it. According to the order—and the members of the committee have it as Exhibit 54—all butter has to be invoiced with the grade mentioned on the invoice. Now, I understand that what you mean is that in Nova Scotia putting the grade on the wrapper is not compulsory. Is that what you mean? But as far as the Wartime Prices and Trade Board orders are concerned, the administrator's order, it speaks for itself and it says plainly that it has to be.

Mr. WINTERS: And it does not say that it does not apply to the province of Nova Scotia.

Mr. WIGGINS: I am sorry if I inferred that.

Mr. MONET: That is why I wanted to make that clear.

Mr. WIGGINS: I did not intend to infer that it was not necessary to have the grade marking on the butter in Nova Scotia.

Mr. MONET: What you actually mean is that in Nova Scotia the wrapper does not need to bear the grade?

Mr. WIGGINS: That is right.

Mr. WINTERS: Do I understand from your statement that some of this butter was sold on a cash basis, on a c.o.d. basis, and some of it was a paper transaction with the first-grade price indicated on the invoice and subsequently when the error was discovered you made a correction, that the invoices were corrected; is that correct?

Mr. PRESCOTT: Yes, that is correct.

Mr. MONET: To make this very clear, following the same line of questioning Mr. Prescott and Mr. Child; when the delivery was made from Canada Packers to the retailers in Nova Scotia I presume there was an invoice sent with the actual delivery. Mr. Prescott, you are in charge at Halifax, are you not?

Mr. PRESCOTT: Yes.

Mr. MONET: And with the actual delivery of this butter to the retailers in Nova Scotia and Halifax are invoices delivered?

Mr. PRESCOTT: Yes.

Mr. MONET: And the invoices actually sent with the butter showed on the invoices that it was first-grade butter, did they not?

Mr. PRESCOTT: It was an invoice for creamery butter at the first-grade price

Mr. MONET: There was no grade mentioned?

Mr. PRESCOTT: No.

Mr. MONET: But it was priced as first grade?

Mr. PRESCOTT: That is right.

Mr. WINTERS: You, I understand, assume that all butter coming from Valley Creamery is first grade because you automatically jump at the conclusion when the invoice is made out in advance for the first-grade price which would apply?

Mr. PRESCOTT: Yes.

Mr. WINTERS: Then you say there is no grading in Nova Scotia. How then do you know that all this butter coming from the Valley Creamery is first-grade butter for which you have been charged a first-grade price?

Mr. PRESCOTT: The responsibility for the grading is on the man who puts the butter in the wrapper, and most of those men are skilled in the grading of butter and their judgment is accepted, and it is checked periodically by government graders.

Mr. WINTERS: You do not check on it although you knew that you were putting into that creamery butter which was below third grade?

Mr. WIGGINS: I do not understand that question.

Mr. LESAGE: I wish to point out—

The VICE-CHAIRMAN: Just a minute, Mr. Lesage. Mr. Winters is asking a question and the witness says that he did not understand that point and he wants it clarified.

Mr. LESAGE: I was on the point of—

The VICE-CHAIRMAN: Excuse me, Mr. Lesage; you are out of order. Mr. Winters has the floor.

Mr. LESAGE: I think it is in order.

The VICE-CHAIRMAN: Just a moment, Mr. Lesage; you cannot ask questions or make statements unless Mr. Winters is willing to concede the floor to you. Mr. Winters is asking questions of this witness now.

Mr. LESAGE: I am objecting to one of the other witnesses answering the question. I think it should be answered by Mr. Prescott; even if I am out of order.

Mr. WINTERS: Thank you. I agree with you and I will direct my questions to Mr. Prescott. I would like to ask Mr. Prescott if he would feel justified in assuming the butter coming from the Valley Creamery was first-grade butter for which he could charge the first-grade price when he knew that Canada Packers had been sending to this creamery butter which was below third-grade butter?

Mr. PRESCOTT: I think I can answer that question, or explain it to you. We have been putting into the Valley Creamery first-grade butter which has been stored in Halifax for the account of the Halifax branch as they wish to take it out over this period which was nearly a month. Unfortunately it ran further. There were 1,100 boxes of that delivered to the Valley Creamery during the month of March and the first part of April, or the period to which this controversy applies; and at the time that below third-grade butter was shipped to the Valley Creamery and following the dates of shipment from Halifax, as the invoices will show, continued right up to the 25th day of March. We were dealing in first-grade butter and there was first-grade butter due to come back to the Halifax branch. Now, it is my understanding—and this is not a definite statement but it was my understanding and still is, and I am quite sure of it—that there was due to us first-grade butter when this below third was printed; but the creamery manager was working on a car of butter which he wanted to clear out in one block because of the fact that it was below third grade and he had

to put that butter when it was printed back into the car for delivery to Halifax due to the fact that roads were closed to heavy traffic. This caused him to leave the first-grade butter out of his churns and to churn the below third and we received that shipment before I expected it. I think that answers your question.

Mr. WINTERS: It seems, though, that you might have been alerted to the situation and would not have gone on making that assumption that all that butter was going to be grade-one butter. When did you first detect your error? When was that? I think you brought that out in your statement.

Mr. PRESCOTT: It was about 10 o'clock on March 23.

Mr. WINTERS: When was it first brought to your attention by the Wartime Prices and Trade Board?

Mr. PRESCOTT: I believe the first intimation we had was something which the press carried on March 30, and on March 31, we had a visit from the investigator of the Wartime Prices and Trade Board.

Mr. WINTERS: On March 31, and the date on which you discovered it was March 22?

Mr. PRESCOTT: March 23.

Mr. WINTERS: And in the meantime you took steps to notify all your customers?

Mr. PRESCOTT: Yes.

Mr. WINTERS: Who number 112 and you have a list of those customers?

Mr. CHILD: We have all that information.

Mr. MONET: Have you all the invoices? I understand that the invoices for each of these 112 customers of yours, which in the present case would be retailers, have been sorted and are being filed with the committee. You are showing me, Mr. Child and Mr. Prescott, a group of invoices of different customers who would be retailers in Nova Scotia?

Mr. PRESCOTT: Yes.

Mr. MONET: And are they all retailers in Halifax?

Mr. PRESCOTT: All in Halifax, I believe.

Mr. WINTERS: Are they all in the city of Halifax, Mr. Prescott?

Mr. PRESCOTT: I am not certain they are all within the city limits, but I believe they are.

Mr. MONET: And these 112 invoices are for your retail customers?

Mr. PRESCOTT: Yes sir.

Mr. MONET: And they are all within the city limits of Halifax?

Mr. PRESCOTT: I am not quite positive, but I believe they are.

Mr. MONET: You believe they are. Now, you are showing me a bunch of invoices, I take it that the 112 are included?

Mr. PRESCOTT: Yes.

Mr. MONET: Mr. Chairman, I suggest that these should be filed as exhibit 82.

EXHIBIT 82: Group of 112 invoices to retailers in Halifax, filed.

The VICE-CHAIRMAN: Of course, it is understood that that is for identification, not for the printing of these invoices.

Mr. MONET: Now, Mr. Prescott, can you tell the members of the committee if on all of these slips of sale—because it is registered as sold to Mr. so and so—if all of these slips of sale mention the price of first-grade butter before any correction was made.

Mr. PRESCOTT: That is correct, sir.

Mr. WINTERS: How could the witness state that none of these sales were made for first-grade butter?

Mr. PRESCOTT: The final sale was not, Mr. Winters.

Mr. WINTERS: It seems to be getting back to the question of when is a sale not a sale.

The VICE-CHAIRMAN: What is meant is this, is it not; that finally there was not a sale at the first-grade price, but that is true because of the fact that it was discovered an error had been made and some of the money was passed back to the customer. That is the reason it was said last night, is it, that there had been no sale?

Mr. CHILD: Yes. That would only apply in the case of the smaller dealers where the sale was made on the basis of c.o.d. Where the customer's credit was good enough he did not pay any more than the proper price.

The VICE-CHAIRMAN: Well, I know. Well, then, the true way to state it is, is it not, that there was a sale, that there was a good sale and that you back-tracked on it later?

Mr. CHILD: Yes, sir.

The VICE-CHAIRMAN: And gave a refund because the sale was at an improper price. Is not that the truth of the matter as it stood on say the 23rd?

Mr. CHILD: I might say that their invoice is third-grade price.

The VICE-CHAIRMAN: And the invoice is official news of a sale. Assuming a transaction made as of the 23rd, at 9.50 a.m.; if I had asked you at that time had you made a sale of any of this butter, you would have said yes, would you not?

Mr. CHILD: I should think so. Yes.

The VICE-CHAIRMAN: Well, there must have been a sale, and then you found out that you had done a wrong thing and endeavoured to correct it; and then I would believe your evidence is you did put it correctly. Surely there would not be any advantage in maintaining that at 9.50, in the morning a sale had not been made. Would that be right?

Mr. CHILD: I think that is right.

Mr. MONET: Just another question following along the same line of question as the chairman just did. When your customer would receive the actual delivery of butter say on March 23, in the invoice as first set up giving the price of first-grade butter, would he not be under the impression then that this was first-grade butter, before any correction was made?

Mr. PRESCOTT: Unless he were to question the branch.

Mr. MONET: Just by the invoice itself the retailer receiving the butter could not assume anything else but that that was first-grade butter with the price indicated; is that correct?

Mr. PRESCOTT: That is correct.

Mr. MONET: I wanted to be clear on that as far as the retailer is concerned.

Mr. WINTERS: Now, Mr. Chairman, if all of these 112 retailers were within the city limits I wonder if Mr. Prescott could say how many of them had telephones or how many did not have telephones?

Mr. PRESCOTT: I cannot answer that. I do not know.

Mr. WINTERS: Did you actually find some of them who did not have telephones?

Mr. PRESCOTT: I do not believe I could answer that.

Mr. WINTERS: I think you said that you tried to contact your customers by telephone and found that you could not reach some of them but that they were notified by the next call of the salesman which took place, according to your statement, as much as three days later.

Mr. PRESCOTT: I think that statement is probably explainable by the fact that some of the customers were not around or available. For instance, the manager of the store would be absent when the salesman called. I cannot elaborate much on that answer but the salesmen were instructed to notify the customers.

Mr. WINTERS: Surely during the business day you would expect that somebody would be in these stores and that you could contact them by telephone? It would seem to me that you really could have notified everyone in a shorter time than three days.

Mr. CHILD: Well I do not know anything about the actual circumstances, Mr. Winters, but I might interject that I can remember that when I used to try to collect the company's accounts from a very small store it was sometimes difficult to collect the account because very often there would not even be a clerk present but only the delivery boy.

Mr. WINTERS: I will put it this way, Mr. Prescott. In view of the situation I will ask if you made the best attempt you could to notify all these customers at the earliest date?

Mr. PRESCOTT: Mr. Winters, I followed the usual practice in handling any errors that would come to my attention, which amounts to notifying the man in charge of sales and he in turn notifies the salesmen to contact the customers and advise them of the error. In addition there was the fact that when they received their statements the error would be automatically corrected.

Mr. WINTERS: In the meantime here was the public in Halifax receiving below third grade butter and being obliged to pay first grade prices for it in circumstances of shortage which almost made it necessary for them to buy anything which they could obtain. It seems to me in view of that situation you would feel obliged to notify them at the earliest possible date by whatever means would seem necessary to you?

Mr. PRESCOTT: If a somewhat similar situation were to arise I think we would take steps that, shall I say, would be somewhat more vigorous. It certainly would not occur again.

Mr. WINTERS: You say that it would not occur again but how do you propose to take steps to protect yourself from the same situation arising in the future? How will you know what grade of butter you are getting from the creamery?

Mr. PRESCOTT: Well we have issued instructions in writing that all these invoices are to be checked by the shipping department and cleared back with the sales so that the shippers cannot possibly ship anything without knowing exactly what butter is on hand and how it appears on the invoice.

Mr. BEAUDRY: Do you mean to say that over the previous years when receiving butter you received it without the receiving department checking the quality of the butter against the price you were having to pay?

Mr. PRESCOTT: The butter is usually identified by the brand, sir.

Mr. BEAUDRY: That is true but apparently there was no identification made in this instance although there was some evidence. Is it in the realm of possibility that the same mistake might have occurred in the past because you yourselves did not take steps to check the butter against the invoices and the price?

Mr. PRESCOTT: There is very little chance of that having occurred.

Mr. BEAUDRY: Would you be able to say positively that it had not occurred?

Mr. PRESCOTT: I would say positively that it did not.

Mr. BEAUDRY: You have said earlier that you did not check the quality of the butter received against the invoice?

Mr. PRESCOTT: I do not believe I said that.

Mr. BEAUDRY: I asked you that question a moment ago. I asked whether there were any precautions taken by your receiving department to ensure that the butter received was as described on the invoice.

Mr. PRESCOTT: You are talking about a different matter. You are now talking about receiving butter and a moment ago you were talking about shipping butter.

Mr. BEAUDRY: No, my question a moment ago was with respect to receiving butter.

The VICE-CHAIRMAN: May I interject just at that point? I think Mr. Beaudry was inquiring about the checking by you of the butter which you received under similar circumstances during the past. Is not that correct?

Mr. BEAUDRY: Quite.

The VICE-CHAIRMAN: He was dealing with your receipt of butter under such circumstances as have been described and what steps you did take, and what steps you will take, to make sure that you are getting the product which you think you are getting.

Mr. PRESCOTT: I am sorry, I did not quite understand it that way. The shippers have been instructed to be on the alert and to be careful to see that the brands are stated and advice is to be passed to the sales department and the man in charge of sales. The salesmen will write their invoices for that brand of butter.

Mr. BEAUDRY: In this particular case was not that procedure followed? The only thing that happened was that the butter specified as the brand to be delivered was not actually the butter which was delivered? I still insist that, no matter what you write on the invoice, the butter may not coincide with the brand name; you are achieving no particular purpose, and that is how the accident occurred in this particular instance.

Mr. IRVINE: Is that a question or a statement?

Mr. BEAUDRY: He may comment on it.

The VICE-CHAIRMAN: Well, do you want some comment on that, Mr. Beaudry?

Mr. IRVINE: The only reason I am asking whether it is a statement is because I do not want to butt in, but if Mr. Beaudry is finished I would like to ask a question.

The VICE-CHAIRMAN: All right.

Mr. IRVINE: There seems to be some little discrepancy in the evidence in connection with the question that is being asked now. I would like one of the witnesses to clear up the matter. It may or it may not be important but it does seem to me that it has been insisted by all the witnesses, especially Mr. Child, that the butter in question was not sold. Am I right in saying that?

The VICE-CHAIRMAN: If you do not mind me interrupting, I will say that just before you came in there was a clearing up of that particular point. It was agreed as of say 9.50 a.m. on the morning of the 22nd—

Mr. IRVINE: I heard that statement; I was here when you started, but I am not talking about the retailers. I am talking about the witnesses saying there was no sale from the company to the Valley Creamery. You were very specific about that, were you not, Mr. Child?

Mr. CHILD: At the outset of this session I introduced a new statement with regard to a transcript of our account with the Valley Creamery which was a contra-account, and we do not regard the shipments to Valley Creamery for re-churning and return as sales and purchases. Now, if it is someone else's opinion that those transactions are sales I cannot do anything about the opinion.

Mr. IRVINE: Well, I am not arguing with you.

Mr. CHILD: I am just trying to give you all the facts in connection with the transaction.

Mr. IRVINE: My point is that you were very emphatic yesterday that it was not a sale.

Mr. CHILD: Yes.

Mr. IRVINE: As I recall it that was the position, although there is not yet a transcript of yesterday's evidence.

The VICE-CHAIRMAN: We have the evidence now if you need it.

Mr. IRVINE: I may not require it.

The VICE-CHAIRMAN: Well, if you do require it, it is here.

Mr. IRVINE: You were very emphatic, as I recall it, that you did not know whether the butter which came back to you from the Valley Creamery was the butter which you gave to them, transcribed to them, or sold to them, whichever term you want to use?

Mr. CHILD: I did not answer that question.

Mr. IRVINE: Well, one of the witnesses did answer it.

The VICE-CHAIRMAN: Well, I think it is common ground to say that you do not know that you got back the same butter that you sent?

Mr. CHILD: I do not know.

Mr. WIGGINS: That is correct. I think the atmosphere which we tried to give to that is that the identity of the butter is lost when it is taken from the boxes and put in the churn. We cannot prove it is the same butter which we got back.

Mr. PINARD: Do you accept any butter from the Valley Creamery except what you have sent?

Mr. WIGGINS: We receive the same number of pounds back—we receive back the same number of pounds we send.

Mr. PINARD: Were you then receiving any butter from the Valley Creamery? When was the last shipment made from Valley Creamery to Canada Packers?

Mr. IRVINE: Well, I have just one more question and it is this. Since you do not know whether the butter you give to the creamery is the butter you receive from it again, what is to prevent the creamery from taking first grade butter from you and giving you back third grade butter or lower?

Mr. WIGGINS: The creamery operator makes the decision as to the quality of the butter that goes under his brand and we have to depend on him to be honest when grading it. That is a common practice.

Mr. JOHNSTON: Do you not test it yourself when you buy it?

Mr. WIGGINS: Not to officially grade it—probably that is the wrong expression, and I will say we do not test it for the purpose of actually grading butter.

Mr. IRVINE: Do not forget that is your butter which he is handling because you did not sell it to him. It is your butter.

Mr. WIGGINS: He is still responsible.

Mr. IRVINE: He is still responsible for grading your butter?

Mr. WIGGINS: He is still responsible for the butter that goes under his brand.

Mr. LESAGE: Do you still contend there was no sale, after what you have just said?

Mr. WIGGINS: I beg pardon?

Mr. LESAGE: All right, it is just a comment.

Mr. PINARD: I wish to come back to that whole transaction for a few moments if I may. This butter you have told us was purchased from the west. It was western butter which was sent to the Valley Creamery?

Mr. WIGGINS: I believe so.

Mr. PINARD: That is what you said yesterday it was all western butter.

Mr. WIGGINS: I told you yesterday that I would endeavour to secure the detail regarding that butter and I have been working on it. However, because of the fact it did not come through in straight earloads, I am not positive of this, but the detail I have is that these 400 boxes are a portion of 879 boxes of below third grade butter purchased from about December 18 onward. Does that cover the point?

Mr. PINARD: What was the price paid for the butter?

Mr. WIGGINS: The average cost of the 879 boxes of butter?

Mr. PINARD: Yes? That included the lot which was sold to Valley Creamery?

Mr. WIGGINS: Yes, and the average cost of that butter in flats at our Halifax branch was 60.55 cents.

Mr. PINARD: What was it at your Toronto branch?

Mr. WIGGINS: Just about 56 cents.

Mr. PINARD: Yes, this butter cost you 56 cents and it was sold to Valley Creamery at what price?

Mr. WIGGINS: The transfer price used was 65 cents.

Mr. LESAGE: Would you mind asking the witness what the cost of the freight was?

Mr. PINARD: Yes, what is the cost of transportation from Toronto to the Valley Creamery?

Mr. WIGGINS: Roughly \$1.10 per 100 pounds.

The VICE-CHAIRMAN: 1.1 cents.

Mr. JOHNSTON: Approximately a cent a pound.

Mr. PINARD: Yes, it is about a cent a pound is it?

Mr. WIGGINS: Just over a cent.

Mr. PINARD: Now you have told us you had received butter before that time from the Valley Creamery, is that correct? I am talking of previous years or previous months?

Mr. WIGGINS: Yes.

Mr. PINARD: When was the last shipment made by Valley Creamery to Canada Packers in Halifax?

Mr. LESAGE: Perhaps Mr. Prescott could answer the question better.

Mr. CHILD: I have here, Mr. Pinard, a list of the credits in the account of Valley Creamery from March 1 on. I presume each credit indicates a shipment received. You may have this, if you like.

Mr. PINARD: What is the last date of shipment, other than the one in which we are interested now?

The VICE-CHAIRMAN: You mean the last one before this one in which we are interested?

Mr. CHILD: The one in which we are interested is dated—it would be the date going into the ledger—March 24.

Mr. MONET: That would be from the Valley Creamery to you, but I believe Mr. Pinard wants to know the date of the last shipment from Canada Packers to the creamery which would be on March 9?

Mr. CHILD: I should think so.

Mr. MONET: That is for the butter we are presently discussing, but previous to that the date of shipment would be March 2?

Mr. CHILD: I should think so.

Mr. MONET: Since this may be valuable information, I think this should be filed, Mr. Chairman. It is the account of Valley Creamery Limited, Kingston, with Canada Packers. I will file it as exhibit 83.

The VICE-CHAIRMAN: That had better be printed in the evidence as though it had been read into the record at this point. It is a short statement.

EXHIBIT No. 83: Account of Valley Creamery Limited with Canada Packers.

CANADA PACKERS LIMITED

Account with

VALLEY CREAMERY LIMITED, KINGSTON, N.S.

Date 1948	Debit	Credit	Balance
			\$ 835 51 Dr.
Feb. 28.....	\$ 3,808 00		
Mar. 1.....	3,808 00	\$ 1,499 04	
2.....	11,424 00		
3.....		1,873 80	
3.....		1,873 80	
3.....		1,873 80	
4.....		1,873 80	
5.....		1,873 80	
9.....	14,560 00		
9.....		1,873 80	
9.....	11,424 00		
9.....		1,873 80	
9.....	3,808 00		
9.....		5,246 64	
10.....		3,185 46	
11.....		1,873 80	
12.....		1,873 80	
16.....		1,499 04	
16.....		2,435 94	
16.....		2,923 12	
17.....	13,242 88		
19.....		374 76	
20.....	6,806 80		
22.....		1,086 80	
22.....		1,311 66	
23.....		781 44	
24.....		15,020 60	
25.....	3,808 00		
25.....	3,808 00		
25.....	3,808 00	3,585 60	
25.....	3,808 00		
30.....			
30.....		6,577 69	
30.....		6,905 29	
Apr. 1.....		2,509 92	
1.....		857 88	
6.....		1,124 28	
6.....		3 00	
6.....		749 52	
6.....		7,495 20	
8.....		2,290 20	621 91 Dr.

Mr. PINARD: In the statement you have just read, it is stated that on Saturday, March 20, 1948, you had no butter at your Halifax branch. What was your position on the same date in Toronto? Did you have butter on hand in addition to the butter you shipped to Valley Creamery?

Mr. WIGGINS: Yes.

Mr. PINARD: What was the quantity of butter you had on hand at that time?

Mr. WIGGINS: I cannot tell you that.

Mr. PINARD: I wish to know why you chose to sell the butter to Halifax instead of somewhere else. You have said there is no grading in Nova Scotia and it could be inferred that you chose that place because of that fact. I want to know why it was sent to Halifax instead of somewhere else.

Mr. WIGGINS: I think my answer would be that there was not more of it sent to Halifax than any place else. Roughly speaking, there are 2,000,000 pounds of this type of butter made in Canada. It is consumed in Canada. It is consumed in one form or another in Canada. I have no figure to indicate that more of it goes to Nova Scotia than any place else. I doubt if it does.

Mr. PINARD: Did you send butter, during the same period, to other places?

Mr. WIGGINS: Yes.

Mr. PINARD: Below third grade butter—where?

Mr. WIGGINS: It is sold regularly through our sales department. I think, probably, it would be safe to say it is sold at most of our plants.

Mr. PINARD: You mean to say you sold below third grade butter during the same period of time to other places as well as to Nova Scotia?

Mr. WIGGINS: Yes.

Mr. PINARD: Would you say whether you sold any to Montreal?

Mr. WIGGINS: I think our Montreal branch would have some on hand.

Mr. PINARD: They would?

Mr. WIGGINS: Yes.

Mr. PINARD: You say in your statement you discovered your error on Monday the 22nd?

Mr. MONET: On Tuesday the 23rd.

Mr. PINARD: On Tuesday the 23rd; what did you do with the rest of the butter afterwards?

Mr. PRESCOTT: Some of it we continued to sell as below third-grade butter under the White Lily brand, and the balance, after we found there was a question of it, we stopped selling. We still have on hand, as I think we gave out, 252 boxes of it in solid form and, I believe, 134 boxes—I may be out a box or two—are still in White Lily flats held in our warehouse in Halifax.

Mr. PINARD: Did you sell any of this butter to Swift's?

Mr. PRESCOTT: Yes, we sold 200 boxes.

Mr. PINARD: Of that butter which came from the Valley Creamery?

Mr. PRESCOTT: Yes, the White Lily brand flats.

Mr. PINARD: When was the sale made?

Mr. PRESCOTT: I will have to be exact on that, Mr. Child has the record, but I believe the first sale was on the 23rd, about noon of the 23rd, the date on which this thing first came up, and the second sale was on the 29th.

Mr. PINARD: How was it sold, in the same wrappers?

Mr. PRESCOTT: Yes.

Mr. PINARD: At what price?

Mr. PRESCOTT: 66½ cents.

Mr. PINARD: To what branch of Swift's?

Mr. PRESCOTT: Halifax.

Mr. PINARD: Am I correct in saying you sold a further amount of that same butter to Swift's after the 23rd?

Mr. PRESCOTT: What kind of butter, sir?

Mr. PINARD: The same butter, some of that which was left?

Mr. PRESCOTT: The 23rd and the 29th, sir.

Mr. PINARD: What is the total amount of butter you sold to Swift's?

Mr. PRESCOTT: Yes.

Mr. PINARD: What is the total amount?

Mr. PRESCOTT: A total of 200 boxes of White Lily flats of 54 pounds per box, about 10,800 pounds.

Mr. PINARD: And it was sold at the same price as the other, was it not, to Swift's?

Mr. PRESCOTT: Sold at 66½ cents.

Mr. PINARD: What was the price for the other amount you sold?

The VICE-CHAIRMAN: To the various retailers?

Mr. PINARD: Yes.

Mr. PRESCOTT: 67½ cents.

The VICE-CHAIRMAN: That is the adjusted price. It was 70½ and adjusted to 67½; that would be correct, would it not?

Mr. PINARD: You also said you expected the butter coming from Valley Creamery to be first grade butter? Are you satisfied that the Valley brand and the Kingston brand are first grade butter?

Mr. PRESCOTT: They are supposed to be. I have not answered your question, I am sorry. I have been satisfied that they were, yes.

Mr. LESAGE: Even when you sent third grade butter to be re-churned, you expected it to come back as first grade?

Mr. WIGGINS: No, we sent—

Mr. LESAGE: I am asking Mr. Prescott, if you please.

Mr. PRESCOTT: I already explained that, Mr. Lesage, a few moments ago.

Mr. LESAGE: I beg your pardon?

Mr. PRESCOTT: I explained it, sir, a few minutes ago.

Mr. JOHNSTON: And what was the explanation?

Mr. LESAGE: No, you just said you expected it to be first grade butter, and I said, "Even when you sent in third grade butter to be re-churned, you expected it to come back as first grade?"

Mr. PRESCOTT: No, I did not expect below third grade to come back as first grade.

Mr. LESAGE: You were expecting below third grade butter, then?

Mr. PRESCOTT: On that shipment I sent out, yes, sir.

Mr. LESAGE: On the 24th of March, you were?

Mr. JOHNSTON: Did you inspect it to see whether it was or not?

Mr. PRESCOTT: Did I inspect it? No, I expect the White Lily brand to be below third grade.

Mr. LESAGE: There is something I do not understand in your answer. You were expecting some below third grade butter to come to your plant as White Lily brand; is that correct? Did you expect any below third grade butter at that time to come to your plant as White Lily brand?

Mr. PRESCOTT: Yes.

Mr. LESAGE: You did?

Mr. PRESCOTT: Yes.

Mr. LESAGE: Did you inspect the shipment as soon as it arrived to ascertain whether it was third grade butter?

Mr. PRESCOTT: I did not see it when it arrived.

Mr. LESAGE: As soon as you knew it had arrived, did you inspect it or give orders that it be inspected immediately?

Mr. PRESCOTT: Yes.

Mr. LESAGE: Who did inspect it?

Mr. PRESCOTT: Well, our shippers.

Mr. LESAGE: Who?

Mr. PRESCOTT: The man in the warehouse.

Mr. LESAGE: He did?

Mr. PRESCOTT: Yes.

Mr. LESAGE: Did he report to you immediately that it was third grade butter?

Mr. PRESCOTT: We knew it was third grade about 10 o'clock in the morning of the 23rd.

Mr. LESAGE: Had any been shipped at that time?

Mr. PRESCOTT: Yes, sir.

Mr. LESAGE: When?

Mr. PRESCOTT: The truck left our warehouse with a load of it about 8.30.

Mr. LESAGE: Eighty-thirty in the morning, before it was inspected?

Mr. PRESCOTT: Yes.

The VICE-CHAIRMAN: These invoices are mostly dated the 22nd.

Mr. LESAGE: I understand they were dated in advance but I am talking about the delivery, not the writing of the invoices. You had received that butter the previous day, the 22nd?

Mr. PRESCOTT: Yes.

Mr. LESAGE: At what time?

Mr. PRESCOTT: I do not know the exact time.

Mr. LESAGE: Was it in the evening or during office hours?

Mr. PRESCOTT: I cannot answer that point right now, but it was sometime during the afternoon.

Mr. LESAGE: It was a large shipment, was it?

Mr. PRESCOTT: Yes, sir, it was a carload. It would not be opened until the following morning, to the best of my knowledge.

Mr. LESAGE: It was a carload?

Mr. PRESCOTT: A minimum car, yes.

Mr. LESAGE: So, on the 22nd you received a carload from the Valley Creamery, that is correct?

Mr. PRESCOTT: It would be placed—

Mr. LESAGE: On the afternoon of the 22nd you received a carload from Valley Creamery?

Mr. PRESCOTT: Right.

Mr. LESAGE: Where is it shown on Exhibit 83?

The VICE-CHAIRMAN: Exhibit 83 is that statement of the contra account.

Mr. CHILD: I think that would be shown, Mr. Lesage—

Mr. LESAGE: I do not want an answer, "I think", I want to know where it is.

Mr. CHILD: You want an exhibit?

Mr. LESAGE: I have it in front of me.

The VICE-CHAIRMAN: He is talking about the exhibit, a copy of which I have in my hand.

Mr. CHILD: I want another one in order to answer the question. I want the exhibit filed yesterday showing the receipt of the butter into the branch.

The VICE-CHAIRMAN: The question, precisely, is this; where is it shown on Exhibit 83. I think you had the answer to that, but I think there will be some explanation necessary afterwards.

Mr. CHILD: It is shown dated March 24, Mr. Lesage, \$15,000.

Mr. LESAGE: That is what I thought, but why is it the 24th and not the 22nd?

Mr. CHILD: I do not know.

Mr. LESAGE: Why is it credited to Valley Creamery on the 24th when it was received on the 22nd.

Mr. CHILD: That is not the receiving date, Mr. Lesage.

Mr. LESAGE: I asked why it was credited to Valley Creamery on the 24th when it was received on the 22nd?

Mr. CHILD: I do not know because I did not post the entry.

Mr. LESAGE: Mr. Prescott was there?

Mr. CHILD: He did not post the entry any more than I did, but I presume it would be the next day when they posted it, Mr. Lesage.

Mr. LESAGE: Is it customary for your accountants in your local office in Halifax to delay the entry of accounts?

Mr. PRESCOTT: There are a great many entries to make and it might be that time before the accountants got around to it; I would not know.

Mr. LESAGE: Entries will be delayed in your books as long as two days?

Mr. PRESCOTT: Entries such as that might.

Mr. CHILD: It has to be approved, first, Mr. Lesage, as is shown here. It is approved on here for price and it is approved as having been properly received.

Mr. LESAGE: Who approved it for the price?

The VICE-CHAIRMAN: You said it has been approved here. What is the number of the exhibit to which you are referring?

Mr. CHILD: Exhibit No. 81.

Mr. LESAGE: Who approved it for the price?

Mr. PRESCOTT: The initials shown on here would be Mr. Landry.

Mr. LESAGE: How is that stamp made? Could I see it, the approval stamp?

Mr. PRESCOTT: It is just initials.

Mr. LESAGE: It does not show the date or the time at which it would be approved. The delay in making the entry in the books would be due to the fact that it had to be approved and it took some time to approve the invoice. Is that correct?

Mr. PRESCOTT: That could be correct.

Mr. LESAGE: It could be, but is it? You said the delay in the entries was due to the fact the invoices have to be approved.

Mr. PRESCOTT: That is correct. They have to be approved.

Mr. LESAGE: I suppose this one would be approved just before it was entered in the books. Is that correct?

Mr. PRESCOTT: Not necessarily so.

Mr. LESAGE: Well, it was approved some time on the 23rd?

Mr. PRESCOTT: I do not know that, sir.

Mr. LESAGE: You do not know that. Well, it is a sure thing the price on the invoice was approved and then it was entered in the books as is. That correct?

Mr. PRESCOTT: I would say that was correct.

Mr. LESAGE: What is the price you pay Valley Creamery for first grade butter?

Mr. PRESCOTT: 69·4.

Mr. LESAGE: 69·4 cents a pound?

Mr. PRESCOTT: Yes, sir.

Mr. LESAGE: Can you describe for me the operation of rechurning that was made on that specific butter?

Mr. PRESCOTT: I know very little about rechurning. I would ask Mr. Wiggins, who is our creamery man, to answer that if he will.

Mr. LESAGE: You paid 2 cents for rechurning and putting in prints in this case, did you?

Mr. WIGGINS: In this case, yes.

Mr. LESAGE: Usually you pay only 1 cent?

Mr. WIGGINS: That is right.

Mr. LESAGE: Why did you pay 2 cents in this case?

Mr. WIGGINS: This was a carload of butter shipped in, and there was no siding at this creamery. He had to unload it. There were bad road conditions. We were unable to give him delivery of the butter as usual. We deliver to the creamery door by truck, pick it up by truck from the creamery door. We only give him a truck load at a time or roughly that. He will do that work for 1 cent, but when he had to get his own trucks out at that time and bring it from the station to the creamery—

Mr. LESAGE: And back to the station.

Mr. WIGGINS: Not only that, but he had to take a carload off and then accumulate a carload and provide refrigeration and take it back and load it on the car. We had to pay him 2 cents.

Mr. LESAGE: Was there any special operation expected in the rechurning of the butter?

Mr. WIGGINS: In this lot, no. As a matter of fact, there is not much difference between rechurning this butter and first grade.

Mr. LESAGE: What is the difference?

Mr. WIGGINS: There is none. I will put it that way. There is no difference because the texture of the butter, the butterfat, etc., is the same. The thing that put this butter down below third grade was the weed flavour, and of course that does not affect churning at all.

Mr. LESAGE: You cannot get rid of flavour in rechurning?

Mr. WIGGINS: No.

Mr. LESAGE: Is there any difference in your mind between rechurning and reworking butter?

Mr. WIGGINS: Yes, there is, although normally practically all butter is re churned because that is the best piece of machinery we have for doing it. Reworking it would mean more putting it on a table and working it with some instrument the same as my mother used to do with dairy butter. That is working or reworking, but the only piece of equipment in a creamery generally that will do this job is the churn, so technically speaking it should be rechurning.

Mr. LESAGE: Would the butter that came to your plant after it had been re churned by Valley Creamery be renovated butter?

Mr. WIGGINS: No, that is not considered renovated butter.

Mr. LESAGE: Was it processed butter?

Mr. WIGGINS: No, it was just re churned butter.

Mr. IRVINE: The grade is not altered by the rechurning?

Mr. WIGGINS: Occasionally the grade is altered by rechurning but the butter is not altered. There is no processing. There is no renovating. If the butter is melted down—

Mr. LESAGE: With skim milk?

Mr. WIGGINS: If it is put into sufficient milk that the butter breaks down that is renovating. That is my interpretation of renovation.

Mr. LESAGE: Was it worked to skim milk in this instance?

Mr. WIGGINS: Not to my knowledge.

Mr. LESAGE: Because you know that is forbidden.

Mr. WIGGINS: Yes.

Mr. LESAGE: As a matter of fact it is forbidden by the Dairy Industry Act and regulations to re churn butter. It is permitted to rework it but not to re churn it?

Mr. WIGGINS: The interpretation is it is permitted to rework in a churn.

Mr. LESAGE: That is why I asked you that first. I was fair. I asked you what you understood by reworking or rechurning, because the law does not give to the word "re churn" the same definition as you do. What you define or describe as rechurning is defined in the law as reworking. That is allowed, but working it with skim milk is forbidden. That would be rechurning. Mr. Prescott, as soon as they noticed that butter was below third grade did they notify you?

Mr. PRESCOTT: I discovered it first myself.

Mr. LESAGE: Yourself?

Mr. PRESCOTT: Yes.

Mr. LESAGE: How?

Mr. PRESCOTT: I happened to see it. I walked out in the plant as soon as I got there. I saw we had White Lily butter and I knew that White Lily would be below third grade.

Mr. LESAGE: You were expecting a shipment?

Mr. PRESCOTT: Yes, and then I immediately corrected the invoices.

Mr. LESAGE: Pardon me?

Mr. PRESCOTT: I immediately had the invoices corrected.

Mr. LESAGE: What I want to know is did you look at the butter yourself?

Mr. PRESCOTT: I looked at the butter.

Mr. LESAGE: Yourself?

Mr. PRESCOTT: Yes.

Mr. LESAGE: So it was not the shippers, as you told me a moment ago, who examined it?

Mr. PRESCOTT: The shippers would have examined it before or about the time that I did.

Mr. LESAGE: They would have?

Mr. PRESCOTT: Yes.

Mr. LESAGE: But you noticed it first?

Mr. PRESCOTT: Well, I noticed it as soon as I went in the warehouse and discussed it with the shippers then.

Mr. LESAGE: Is it true some of your retailers were not notified before the 27th?

Mr. PRESCOTT: I do not know that.

Mr. LESAGE: It is possible?

Mr. PRESCOTT: It could be possible, yes.

Mr. LESAGE: If it did happen, butter being a fast moving commodity, there is no doubt at that time the retailers had sold all of that butter to consumers?

Mr. PRESCOTT: Well, the retailers were giving out very little butter.

Mr. LESAGE: They were rationing their clients?

Mr. PRESCOTT: Yes.

The VICE-CHAIRMAN: What?

Mr. LESAGE: Rationing their clients in their own way. You were giving your clients some butter more than once a week, were you not, when possible?

Mr. PRESCOTT: When possible we would, yes sir.

Mr. LESAGE: Of course, that shipment was not sold all on the same day, was not delivered to your customers all on the same day? Did you keep on delivering butter from that shipment after it was discovered that it was below third grade?

Mr. PRESCOTT: For some period of time, as our invoices will show, on the 23rd and 24th and possibly some other shipments.

Mr. LESAGE: Pardon me?

Mr. PRESCOTT: Possibly some other shipments during that week. We made some other deliveries and our invoices are here to show that.

Mr. LESAGE: At what price?

Mr. PRESCOTT: At 67½ cents.

Mr. LESAGE: At 67½ cents, which was the maximum price for below third grade butter?

Mr. PRESCOTT: That is right.

Mr. LESAGE: Any that was invoiced after you discovered the matter was invoiced at the price for below third grade butter?

Mr. PRESCOTT: That is correct.

Mr. LESAGE: You did your best under the circumstances. Is that correct?

Mr. PRESCOTT: Yes, sir.

Mr. LESAGE: But just the same it took a long time to advise your retailers?

Mr. PRESCOTT: That is correct.

Mr. PINARD: As to the sales for which you have produced invoices they were C.O.D. sales, were they not?

Mr. CHILD: I can answer that probably, Mr. Pinard. There are 112 sales that were corrected of which 32 were C.O.D.

Mr. PINARD: 32 were C.O.D?

Mr. CHILD: Yes.

Mr. PINARD: When was the last C.O.D. payment made by any of these retailers, what date?

Mr. CHILD: The 29th.

Mr. PINARD: In other words, you were still receiving money on the 29th from your sales of that butter to retailers?

Mr. CHILD: No, no. Put your question again, will you?

Mr. PINARD: You told me that you were still receiving money on these C.O.D. sales on the 29th?

Mr. CHILD: No, that is not what I told you. The last refund was made by me 29th.

Mr. PINARD: By yourselves?

Mr. CHILD: Ourselves.

Mr. PINARD: But was the last C.O.D. payment made by a retailer on the 22nd or afterwards?

Mr. CHILD: The C.O.D.s would be paid the date of delivery.

Mr. PINARD: Were they all delivered on the 22nd?

Mr. CHILD: They were all delivered the 23rd.

Mr. PINARD: In other words, there were C.O.D. sales made on the 23rd for which money was paid by retailers on the 23rd?

Mr. CHILD: That is correct.

Mr. PINARD: I should like to know when this deal was put through with Swift's on the 23rd at another price?

Mr. PRESCOTT: That sale—

Mr. PINARD: What time of day on the 23rd?

Mr. PRESCOTT: To the best of my knowledge about 11 o'clock. It certainly was between 11 and 12 o'clock.

Mr. PINARD: In other words, on the very same day that you were collecting on your sales to your customers for butter sold at that price in Nova Scotia you were selling the same butter at another price the very same day to Swift. Is that correct?

Mr. CHILD: I think you have—

Mr. PINARD: Just a moment. I want to get an answer from Mr. Prescott on that.

Mr. PRESCOTT: Would you just put that again?

Mr. PINARD: It is very clear to me. On the 23rd you were making C.O.D. sales of butter at what price? I want Mr. Prescott to repeat that. At what price was butter sold to the retailers C.O.D. in Halifax on the 23rd?

Mr. PRESCOTT: On the load which left our warehouse as we say about 8:30, there were some of these made out, as mentioned by Mr. Child at 70½ cents.

Mr. PINARD: And on the same dates?

Mr. PRESCOTT: That is at 8:30, keep that in mind.

Mr. PINARD: Yes, and the same day you were selling Swift's at what price?

Mr. PRESCOTT: At approximately 11:30, we sold Swift's at 66½, which is the correct price between wholesalers, and before that hour I had advised all people in our business in connection with selling or shipping that we had on hand below third butter and they were all aware of that price.

Mr. PINARD: Within these two hours, is that what you just say; am I correct in understanding that you said that the sale to Swift Canadian was made at 11 o'clock?

Mr. PRESCOTT: About that, between that and 11:30.

Mr. PINARD: That was to the Swift branch in Halifax, is that correct?

Mr. PRESCOTT: That is right.

Mr. PINARD: Have you got the invoice for that sale?

Mr. PRESCOTT: Yes.

Mr. PINARD: So that on the 23rd—when I look at this invoice I see that Canada Packers, Halifax, sold to Swift Canadian at 66½, 100 boxes of White Lily butter; is that correct?

Mr. PRESCOTT: Yes.

Mr. PINARD: There is no grade mentioned on the invoice, is there?

Mr. PRESCOTT: Just the brand, White Lily butter.

Mr. PINARD: Just the brand; and you state that you made that sale after your salesman had gone to deliver the C.O.D. orders; is that correct?

Mr. PRESCOTT: After the truck had gone at 8.30.

*Indicates pencil mark across this on original exhibit.

Mr. MONET: Just tell the members of the committee whether you see it or not.

Mr. PRESCOTT: That is correct, sir; but the corrected price on extension is made before the invoice was completed.

Mr. LESAGE: Can you swear to that?

Mr. PINARD: Are you sure it was done then?

The VICE-CHAIRMAN: Just a moment. We want to distinguish opinion and factual evidence. I am not saying your opinion is not a good one.

Mr. PRESCOTT: I am taking it from this extension. There has been no change in the extension and I would assume from that—

The VICE-CHAIRMAN: Oh, there is some internal evidence in the document which leads you to the opinion which you have expressed. Is that a correct statement?

Mr. PRESCOTT: That is correct.

The VICE-CHAIRMAN: You feel by reason of the fact that there is no change made in the extension entry he must have made the first error before he made the subsequent entries on the right-hand side of the page?

Mr. PRESCOTT: That is correct.

The VICE-CHAIRMAN: And it is upon that evidence that you gave your opinion a few minutes ago. Is that correct?

Mr. PRESCOTT: That is correct.

The VICE-CHAIRMAN: That was all I wanted to know; how you arrived at your opinion.

Mr. PINARD: How many employees have you in your office, in your branch?

Mr. PRESCOTT: Fifteen people.

Mr. PINARD: Who look after the invoicing, how many people have you who look after invoices?

Mr. PRESCOTT: I haven't got many people who actually do nothing else except invoice, but there are a good many people who could and might write an invoice.

Mr. PINARD: Yes, but how would he tell what the price would be?

Mr. PRESCOTT: Well, some of the senior people on the staff.

Mr. PINARD: So apparently somebody in your office gave instructions to somebody else to invoice it at 68½, and afterwards changed his mind, or somebody else changed his mind for him, and inscribed another figure. Is that correct?

Mr. PRESCOTT: I do not know, sir.

Mr. PINARD: You do not know at all, but apparently in view of the fact that there are two prices inscribed on that invoice that is what happened, isn't that correct?

Mr. PRESCOTT: I do not know.

Mr. PINARD: You do not know?

Mr. LESAGE: Did you make a sale to Swift Canadian yourself?

Mr. PRESCOTT: I talked with the assistant manager that morning.

Mr. LESAGE: Of your own plant or of Swift's?

Mr. PRESCOTT: Of the Swift Canadian people.

Mr. PINARD: What is his name?

Mr. PRESCOTT: Mr. McAllister; and he asked me if this butter had arrived. I had been previously talking to the manager who asked me if I could possibly spare him some butter as he was in great difficulty to get it, and I told him I would give him some of this butter to help him out.

Mr. LESAGE: Did you know at that time that it was below third grade?

Mr. PRESCOTT: I knew that morning.

Mr. LESAGE: Did you know the time you received the telephone call from Swift's manager?

Mr. PRESCOTT: Yes, sir.

Mr. LESAGE: And did you tell him it was third grade, below third-grade butter?

Mr. PRESCOTT: Yes.

Mr. LESAGE: You told him?

Mr. PRESCOTT: Yes.

Mr. LESAGE: Did you tell him what price?

Mr. PRESCOTT: I believe I told him it would cost him 66½ cents.

Mr. LESAGE: Which is the maximum price between wholesalers?

Mr. PRESCOTT: Yes.

Mr. LESAGE: In Exhibit 83—would you look at Exhibit 83, Mr. Child?

Mr. CHILD: Would you describe that, Mr. Lesage?

The VICE-CHAIRMAN: That will be Exhibit 83, the contra account of Canada Packers.

Mr. CHILD: I am sorry, I have not marked the numbers on mine.

Mr. LESAGE: That is all right. There is a statement there, on the 17th of March, \$13,242.88, as a debit to Valley Creamery; was that first-grade butter or below third grade?

Mr. CHILD: Let me look up the account. I might be able to tell you.

Mr. LESAGE: Yes, if you are able to tell us.

Mr. CHILD: I think from my notes, Mr. Lesage, that that contained both first- and third-grade butter.

Mr. LESAGE: Both?

Mr. CHILD: Yes.

Mr. LESAGE: So you were expecting from the Valley Creamery on the 23rd both below third and first-grade butter.

Mr. CHILD: Mr. Prescott can probably answer that. I notice that is dated the 17th. I do not know how long it takes for butter to come back from Kingston, and so on. Would it take from the 15th to the 21st?

Mr. PRESCOTT: It might come back. I do not know. I could not answer that with assurance, because I have no control over how the creamery might work. It might take five days, it might take longer.

Mr. LESAGE: So you were then expecting nothing but third-grade butter?

Mr. PRESCOTT: I would not say that, Mr. Lesage.

Mr. LESAGE: You would not; would you say then you did not say either?

Mr. PRESCOTT: He had first-grade butter.

Mr. LESAGE: I ask you two alternatives. It is one or the other of them, and you say you could not say which it was. What would you say?

Mr. PRESCOTT: I could say this, that he had, I believe, to the best of my knowledge, first-grade butter on hand which he could have had reprinted and shipped in, and he also had all of this stock below third grade, so that I could be expecting either.

Mr. LESAGE: But you could not expect at that time a carload of first-grade butter?

Mr. PRESCOTT: Excuse me, I did not say a carload, but I could have expected either.

Mr. LESAGE: But you could not have expected a carload of first-grade butter?

Mr. PRESCOTT: No.

Mr. LESAGE: Because you had not shipped to Valley Creamery a carload or anything approaching a carload of first-grade butter at that time?

Mr. PRESCOTT: That is correct.

Mr. LESAGE: But you had shipped a carload of below third-grade butter?

Mr. PRESCOTT: In one car, yes.

Mr. LESAGE: In one car, so if you received a carload you would expect it would be a carload of below third grade and nothing else.

Mr. PRESCOTT: In a car that is all I expected.

Mr. LESAGE: So you knew in advance as soon as the car would arrive on the afternoon of the 22nd, that it could not be anything else but below third-grade butter. If I follow your statement logically I have to come to that conclusion, and I am sure you will agree with me.

Mr. PRESCOTT: Well, I would not say it could not have been anything else. It might have included first grade in the car.

The VICE-CHAIRMAN: I think Mr. Lesage means that you could not at that time have expected to get a carload.

Mr. LESAGE: Of first-grade butter.

The VICE-CHAIRMAN: Isn't that the point?

Mr. LESAGE: A carload of first-grade butter.

The VICE-CHAIRMAN: Yes. They simply did not have that much of your butter.

Mr. PRESCOTT: That is correct.

Mr. LESAGE: I think the witness has agreed that he could not expect a carload of first-grade butter, so the least we can say is that any carload he received on the 22nd he could be sure was third grade or had third-grade butter in it.

The VICE-CHAIRMAN: Before you broke the seal on the car you would know that you were going to find less than third-grade butter in it. Isn't that correct?

Mr. PRESCOTT: I would know, yes.

Mr. LESAGE: You would know?

The VICE-CHAIRMAN: Well, that was just a way of putting it. I do not suppose you broke the seal yourself.

Mr. LESAGE: No. Well, Mr. Chairman, if you don't mind—

The VICE-CHAIRMAN: Continue.

Mr. LESAGE: On the afternoon of the 22nd there arrived a carload of butter, part of which you were sure was third grade butter, and you knew that butter had been invoiced in advance to your retail clients as first grade butter? You knew that, did you not?

Mr. PRESCOTT: Will you say that again sir?

Mr. LESAGE: I think my question was clear. Would you read it, Mr. Reporter?

The VICE-CHAIRMAN: Yes, read the question again, please?

(The reporter reads question.)

Mr. PRESCOTT: Yes.

Mr. LESAGE: You knew it?

Mr. PRESCOTT: Just a moment.

Mr. LESAGE: Just a moment what? You knew some butter had been invoiced to your retail clients at the price of first grade butter in advance—butter which had not been delivered.

Mr. PRESCOTT: No, I did not.

Mr. LESAGE: You did not know that?

Mr. PRESCOTT: I did not know in advance.

Mr. LESAGE: You knew that on the 22nd some butter had been invoiced?

Mr. PRESCOTT: On March 23rd, sir, I personally discovered about nine or ten o'clock that some White Lily butter had gone out at 70½ cents.

Mr. LESAGE: Yes?

Mr. PRESCOTT: And I immediately took steps to correct it.

Mr. LESAGE: If I understand the situation correctly, butter which had not been delivered to your retail clients had been invoiced to them prior to the 22nd?

Mr. PRESCOTT: No.

Mr. LESAGE: May I see the invoices?

Mr. CHILD: Perhaps I can explain that.

Mr. LESAGE: I will look at the statement again. "On Saturday, March 20, 1948, we had no butter . . . our salesmen were, however, accepting orders—".

Would you look at the memorandum which was read by Mr. Child? Look at the first paragraph, Mr. Prescott and the second paragraph? Would you read them aloud?

Mr. PRESCOTT: The first paragraph, sir?

Mr. LESAGE: The first two or three paragraphs if you wish?

Mr. PRESCOTT: Three paragraphs?

Mr. LESAGE: Yes.

Mr. PRESCOTT:

On Saturday, March 20, 1948, we had no butter at our Halifax Branch. Our salesmen were, however, accepting orders which, because of the current short situation, were subject to being filled if and when butter was received at the warehouse.

The orders were written in advance by our salesmen, and, because of the uncertainty of having butter, they were written on separate forms—for butter only—to be held by the shipper until the arrival of the butter.

In our system these orders are written on the same form which later becomes the invoice, after the quantity is filled in by the shipper, and the value computed in the office.

The VICE-CHAIRMAN: Just let me ask whether these forms, Exhibit 82, are the forms referred to in the statement?

Mr. PRESCOTT: Yes, sir.

The VICE-CHAIRMAN: Is there supposed to be on these forms some written word indicating "butter only" because I do not see it.

Mr. CHILD: There is nothing but butter on the forms. Ordinarily we would have meat, and everything else, on there.

The VICE-CHAIRMAN: Oh, I see, but the salesman was not supposed to use this except for butter.

Mr. CHILD: That is right.

The VICE-CHAIRMAN: And the invoice contained only butter?

Mr. JOHNSTON: Was the price put on it at that time?

The VICE-CHAIRMAN: I do not know, and I only wanted to identify the document.

Mr. CHILD: Yes.

Mr. PINARD: Yes, and for first grade butter.

Mr. CHILD: I think you want to be fair, Mr. Lesage—

Mr. LESAGE: I want to be fair and I just want to ask this. This statement I suppose is given on behalf of three witnesses and these orders are written on the same form which later becomes an invoice. I understand it is your system then to take orders in advance on the forms which are invoice forms? That is your system?

Mr. PRESCOTT: Yes.

Mr. LESAGE: And you knew that the salesmen did take orders on invoice forms even if they did not deliver the goods? You knew that, Mr. Prescott, because it is your system and you know it? You knew on the 22nd that you had been out of butter since the 20th but your salesmen were on the road taking orders, on invoice forms, for butter? You knew that did you not?

Mr. PRESCOTT: Yes.

Mr. LESAGE: Would you speak louder, please? You knew it? You knew some orders had been taken on these invoice forms with the prices on them—orders taken for butter before delivery? You knew that?

Mr. CHILD: That is customary.

Mr. LESAGE: I am asking Mr. Prescott, who happened to be in Halifax, and I think you were in Toronto at the time.

Mr. CHILD: I am sorry.

Mr. PRESCOTT: That is correct, sir.

Mr. LESAGE: And you knew they were priced at a price which was the price for first grade butter?

Mr. PRESCOTT: Yes.

Mr. LESAGE: And you knew on the 22nd of March, in the afternoon, that the carload of butter you had on the track there, which in the morning would be ready for delivery and for filling orders, was at least in part below third grade butter?

Mr. PRESCOTT: I did not know the car was there on the afternoon of the 22nd.

Mr. LESAGE: When did you know the car was there?

Mr. PRESCOTT: Not until the morning of the 23rd.

Mr. LESAGE: Did you not know on the evening of the 22nd that the car had arrived on the 22nd?

Mr. PRESCOTT: No; we probably had six or eight cars of various products on the siding that day. I could not answer for the shipper but I doubt very much if, on the evening of the 22nd, he knew the car was there. When he would examine his cars on the 23rd he would know the car had arrived and the butter was there.

Mr. LESAGE: When was the car unloaded?

Mr. PRESCOTT: On the 23rd, some time during the day.

Mr. LESAGE: When?

Mr. PRESCOTT: I do not know the exact time.

Mr. LESAGE: How long does it take to unload a car of butter?

Mr. PRESCOTT: Well, they might unload it in a couple of hours.

Mr. LESAGE: A couple of hours? What time do the men start work in the morning?

Mr. PRESCOTT: Seven o'clock.

Mr. LESAGE: Seven o'clock. Why could they not have the car unloaded by 8.30 when they started with the trucks?

Mr. PRESCOTT: They shipped direct from the car that morning.

Mr. LESAGE: Direct from the car.

Mr. PRESCOTT: The portion that they required to fill those orders.

Mr. LESAGE: Who ordered your truck men to go to the cars that morning at seven o'clock?

Mr. PRESCOTT: The car would be spotted right at our branch siding, and I suppose the shipper would delegate one of his assistants with these butter invoices to take so much butter and put it on the trucks.

Mr. LESAGE: Who would do that?

Mr. PRESCOTT: The shipper.

Mr. LESAGE: Of Valley Creamery?

Mr. PRESCOTT: No; our shipper in the Halifax branch would delegate some one of his assistant shippers to go to that car when he knew he had the car of butter in that morning. He would instruct them to fill those orders to the trucks.

Mr. LESAGE: At 8.30?

Mr. PRESCOTT: Well, they would commence some time before that because I think the truck left about 8.30 with the butter on it.

Mr. LESAGE: With the butter—and it had been taken from the car in the morning?

Mr. PRESCOTT: Yes, sir.

Mr. PINARD: If it takes three hours to unload a car how could they be back with the butter at the plant at 8.30?

Mr. PRESCOTT: It was leaving the plant at 8.30.

Mr. PINARD: I know, but it takes three hours to unload the car—

Mr. PRESCOTT: They would take what butter they needed for these orders right from the car, and they would unload the balance of the car later in the day when they had time.

Mr. PINARD: By then had you examined the butter before it left the car?

Mr. PRESCOTT: I doubt very much if those shippers would examine it. They were just filling orders.

Mr. PINARD: And you sold to Swift's the very same morning at 11 o'clock?

Mr. PRESCOTT: Yes, somewhere after eleven.

The VICE-CHAIRMAN: May I ask a few questions about these invoices? Now we understand around 10 o'clock on the 23rd a discovery was made that you had third class butter?

Mr. PRESCOTT: Yes, sir.

The VICE-CHAIRMAN: And that some of it had gone out, as evidenced by these invoices which are Exhibit 82.

Mr. PRESCOTT: Correct.

The VICE-CHAIRMAN: And these invoices, Exhibit No. 82, have been written up by several different salesmen as they took orders for butter? That is the history of Exhibit 82, is it not?

Mr. PRESCOTT: That is correct.

The VICE-CHAIRMAN: So I happen to be looking at invoice No. 88693 which appears, as well as I can make out the writing, to be in favour of the Bargain Market on Berryman street.

Mr. PRESCOTT: It would be Barrington street.

The VICE-CHAIRMAN: Barrington street? Now would you be able to say what salesman made that out? The writing may be known to you, or there may be some other mark on it? If you do not know it may not matter.

Mr. PRESCOTT: I am sorry; I really do not know.

The VICE-CHAIRMAN: You would not be able to say which one of the men made that invoice out?

Mr. PRESCOTT: No.

The VICE-CHAIRMAN: But at any rate, whichever salesman made this out apparently made it all out in so far as this writing here is made from a piece of carbon paper?

Mr. PRESCOTT: That is correct, sir.

The VICE-CHAIRMAN: Because there is some writing here that is not from carbon—evidently the correction which came later.

Mr. PRESCOTT: That is correct.

The VICE-CHAIRMAN: But the salesman filled it out in so far as the writing there is in carbon, and this is dated as of March 22?

Mr. PRESCOTT: Yes.

The VICE-CHAIRMAN: This salesman was taking orders for butter and it was on the 22nd that he took this order and made out this invoice form as evidence of the order?

Mr. PRESCOTT: Right.

The VICE-CHAIRMAN: And then this butter was shipped out sometime before 10 o'clock on the following morning?

Mr. PRESCOTT: Right.

The VICE-CHAIRMAN: And sometime after 10 o'clock on the following morning you made a correction in the price?

Mr. PRESCOTT: Yes, sir.

The VICE-CHAIRMAN: And the price is reduced from $70\frac{1}{4}$ cents to $67\frac{1}{4}$ cents?

Mr. PRESCOTT: Yes, sir.

The VICE-CHAIRMAN: And if this was a C.O.D. order—there is nothing on it to indicate whether it was a C.O.D. order or not—you sent the money or gave the money back to the purchaser, the Bargain Market?

Mr. PRESCOTT: Yes, sir.

The VICE-CHAIRMAN: And if it was not a C.O.D. order you would have given them credit on your books?

Mr. PRESCOTT: Yes, sir.

The VICE-CHAIRMAN: You would have given them credit for the difference occurring through the adjustment from $70\frac{1}{4}$ cents to $67\frac{1}{4}$ cents?

Mr. PRESCOTT: That is right.

The VICE-CHAIRMAN: Now, Mr. Child's remark in this statement is to the effect that on Saturday March 20 you were out of butter. How long had you been out of butter? Would you choose a date, for example the 15th, 16th, 17th, or 18th? What would be the picture then?

Mr. PRESCOTT: Well it might have been a matter of two or three days.

The VICE-CHAIRMAN: Before the 20th?

Mr. PRESCOTT: Yes, but I could not be sure of the time.

The VICE-CHAIRMAN: What day was the 23rd—when you discovered the error?

Mr. PRESCOTT: Tuesday.

The VICE-CHAIRMAN: Oh yes, Saturday is the 20th. Now how would you account for the fact that some of these invoices contained in Exhibit No. 82 are not dated ahead of your discovery of the error but are dated after the discovery of your error, because such is the case? There are several of the invoices here which are dated after the discovery of your error and the invoice price is still the high price?

Mr. WIGGINS: Dated the 24th, sir?

The VICE-CHAIRMAN: Well the 24th, for example and the 22nd, for example?

Mr. PRESCOTT: Well, Mr. Child could answer that.

The VICE-CHAIRMAN: I think you should answer that, Mr. Prescott. You are the man on the ground and other remarks would be more or less speculative.

Mr. PRESCOTT: Could I see the invoices?

The VICE-CHAIRMAN: I do not know which one you will find, but there is one dated the 24th, and you will find that some in fact are dated after the discovery of your error?

Mr. MONET: I have two so far. Would you look at invoices number 89137 and number 89088, which appear to be dated March 24.

Mr. PRESCOTT: The answer to your question is that our salesmen frequently write orders and date them ahead.

The VICE-CHAIRMAN: Date them ahead; that is to say, on the 22nd they date them the 24th?

Mr. PRESCOTT: That could happen if they wished the order delivered on that day. In this case, this is a carbon change which has been underlined as well. In fact, they are both carbon changes.

The VICE-CHAIRMAN: What do you mean by, "a carbon change"?

Mr. PRESCOTT: I mean the carbon copy, it looks as if in this instance the salesman writing this order—this order went to Dartmouth—and he had written 70½ cents. Possibly he had that figure in his mind. This looks like a slip, for the moment, and he immediately corrected it to 67½.

The VICE-CHAIRMAN: That shows the change in price was made by the salesman and not by some other person afterwards, is that what you mean by a carbon change?

Mr. PRESCOTT: It would look that way.

The VICE-CHAIRMAN: It appears as though the change was made on the original as well as on the carbon copy?

Mr. PRESCOTT: That is right, sir.

The VICE-CHAIRMAN: So you think the answer to this being on the 24th is that the salesman corrected his own error?

Mr. PRESCOTT: It looks that way to me.

The VICE-CHAIRMAN: There are some others which I have turned down, here, about which I should like to ask you. I have an invoice number 89499. This, I note, is dated March 17, a great many days earlier. Most of them are dated the 22nd. Were you out of butter on or about March 17?

Mr. PRESCOTT: We could have been; possibly that is why that was carried over.

The VICE-CHAIRMAN: That is to say, you have an invoice here representing an order obtained on the 17th and shipped out of this car of third grade butter on the 23rd, in the morning. Is that the story of the writing on this invoice?

Mr. PRESCOTT: That could have been.

Mr. JOHNSTON: It could have been, but is it?

Mr. PRESCOTT: Well, it is very difficult for me to say it is, from here.

The VICE-CHAIRMAN: Some person corrected this invoice to bring it down to the 67½ cents after the delivery had been made. Apparently this one was a correction not on the carbon?

Mr. PRESCOTT: Yes.

The VICE-CHAIRMAN: Well then, here is one; I am referring to invoice number 88834, but I am uncertain of the date. It looks to me as if it might be the 21st, but it would not be the 21st because that was a Sunday. Would you comment on that? Is that the 23rd? It certainly is not the 22nd.

Mr. IRVINE: They could write an invoice on Sunday.

The VICE-CHAIRMAN: I consider it unlikely they were taking orders on Sunday, but it could be so.

Mr. PRESCOTT: It looks to me like the 22nd there, sir.

The VICE-CHAIRMAN: You think it does?

Mr. PRESCOTT: Yes.

The VICE-CHAIRMAN: Well, we will not make any point of that, then. Here is an invoice dated March 19th, number 87989. March 19th would be a Friday. In this case, would you say that is an order which was taken on the 19th and not filled until the 23rd, and filled on the morning of the 23rd by less than first grade butter, although it is an order for first grade butter?

Mr. PRESCOTT: Yes, sir.

The VICE-CHAIRMAN: That is correct. I just draw to your attention there is another invoice here number 87978, likewise dated March 19th. The story there is probably the same?

Mr. PRESCOTT: Yes.

The VICE-CHAIRMAN: Here is an invoice dated March 23rd. I think it would be fair to say, would it not, respecting an order obtained on the 23rd that the salesman was obtaining an order and writing out this sheet after the moment you discovered your error. It is a fair assumption to make, is it not, that wherever he may have been in Halifax at the moment he was obtaining this order it would be after the time of your error being discovered?

Mr. PRESCOTT: Yes, sir.

The VICE-CHAIRMAN: It might not be so, but there are more hours in the day after ten o'clock than there are before ten o'clock.

Mr. PRESCOTT: Yes.

The VICE-CHAIRMAN: It would be quite certain, would it not, that the order came into you after you had discovered the error you have described?

Mr. PRESCOTT: On the other hand, it might have been taken and written up for the date of delivery. In this case, sir, I believe this order was taken on Monday.

The VICE-CHAIRMAN: Why do you believe that?

Mr. PRESCOTT: I am not certain of this, but I believe the salesman visits that particular store on Monday. I believe that is the day.

The VICE-CHAIRMAN: Supposing you are wrong about that, there would not be any other reason you could give for this being dated the 23rd except that it was the 23rd; am I right?

Mr. PRESCOTT: Yes, there is something else which takes place. The salesmen frequently come in in the morning and 'phone a certain number of customers, you see, before they leave for their territories. He could have taken that order at eight o'clock or eight-thirty.

The VICE-CHAIRMAN: What salesman was it who took this order?

Mr. PRESCOTT: That was Mr. Grandy, I believe.

The VICE-CHAIRMAN: I am not acquainted with the geography of Halifax, but would you be able to tell where this customer is in Halifax, north, south, east or west?

Mr. PRESCOTT: He would be in the south end.

The VICE-CHAIRMAN: Is it because you know the geography there that you say this store was probably visited on Monday, although the order was written for Tuesday.

Mr. PRESCOTT: That is right.

The VICE-CHAIRMAN: You would say that is a pre-dated order?

Mr. PRESCOTT: Yes.

The VICE-CHAIRMAN: That is your belief?

Mr. PRESCOTT: That is my belief; it is pre-dated from Monday or else it could be a 'phone order.

The VICE-CHAIRMAN: Of what date?

Mr. PRESCOTT: Of Tuesday morning, early.

The VICE-CHAIRMAN: These are your beliefs with reference to its being dated as late as the 23rd?

Mr. PRESCOTT: That is right.

The VICE-CHAIRMAN: If you are wrong about those beliefs, then the only other explanation is it is properly dated and came in after the discovery of your error, is that not right?

Mr. PRESCOTT: Yes.

Mr. JOHNSTON: What was the answer to that?

The VICE-CHAIRMAN: The answer to that was yes. I may say there are quite a few orders of that sort here. There is one dated March 24 for Phillipson. Where is Phillipson's place geographically on Barrington street?

Mr. PRESCOTT: That is north.

The VICE-CHAIRMAN: Just before we close, would you comment on that? There is one dated March 24, long after you discovered your error, and it is for an order sent out at the high price. Would you say that was obtained earlier?

Mr. PRESCOTT: That might have been an order dated ahead.

The VICE-CHAIRMAN: It may have been?

Mr. PRESCOTT: Yes.

The VICE-CHAIRMAN: In this case, you do not express your belief that that is so.

Mr. PRESCOTT: My belief is that this order left our place correctly priced and that the customer received it with the correct price.

The VICE-CHAIRMAN: You cannot say that is certain, but you have turned in these invoices to us as representing sales which went out at the wrong price; that is what you said when you gave us these receipts. You said these are invoices where the price is wrong but where an adjustment was made.

Mr. IRVINE: Is that the case with these?

Mr. LESAGE: He said all of these.

Mr. IRVINE: That one has been altered, too?

The VICE-CHAIRMAN: They have all been altered down; but your point here, Mr. Prescott is that you think in this case the sale was made at 67½ cents.

Mr. PRESCOTT: I said I believed, on account of that date, unless the shipper altered it before the date shown which might have accounted for that change, my belief was that this particular invoice was corrected before.

The VICE-CHAIRMAN: Then, why give it to us?

Mr. PRESCOTT: Because we asked our accountant to prepare all invoices showing any corrections. We wanted to be certain.

The VICE-CHAIRMAN: You handed them into us—you did not use these precise words but this is what the understanding was—these are invoices of the sales which were made at a price higher than should have been charged and which were subsequently adjusted. These, you said to the committee, are the invoices. Now, you say this one which is number 88960 should not have been handed in.

Mr. PRESCOTT: I did not mean to say it should not have been handed in, sir.

The VICE-CHAIRMAN: Well, at any rate, you say you think the proper price was charged in the beginning on that sale?

Mr. PRESCOTT: I said that was my belief on account of the date, you see. I may not be correct on that.

The VICE-CHAIRMAN: There are several more of these invoices which require scrutiny. It is six o'clock so I suppose we had better adjourn. I just draw to your attention in closing that there are a number of these invoices which are dated in a manner which would appear to be inconsistent with the evidence thus far given. There may, in all cases, be a satisfactory explanation.

What is the view of the committee with regard to this particular enquiry?

Mr. LESAGE: I think since the exhibits are going to be left here and we have the explanation which was given to us, we can draw our own conclusions. I do not think we need the witnesses any longer.

Mr. PINARD: May I ask one question? Have you any idea of the price at which you sold this third rate butter to Montreal and places other than Halifax?

Mr. WIGGINS: I think I will answer that. At the present time, butter is selling at the ceiling price for all grades. It is extremely short, so butter is selling at the ceiling price for all grades.

Mr. MONET: I do not think the members of the committee desire the witnesses to return tomorrow.

The VICE-CHAIRMAN: I think that is agreed. Thank you, gentlemen.

The committee adjourned to meet again on Wednesday, April 14, 1948, at 4.00 p.m.

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HOUSE OF COMMONS

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4876
SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 37

WEDNESDAY, APRIL 14, 1948

WITNESSES:

- Mr. Ronald A. Chisholm, Broker, Toronto, Ont.
Mr. Jules D. Lambert, Commission Agent, Montreal, Que.
Mr. W. D. Reid, Manager, Montreal Branch, Burns & Company Limited,
Montreal, Que.
Mr. J. E. Soulières, Insurance Salesman, Ville St. Pierre, Que.
Mr. Moe Beren, Manager, Crescent Cheese Company, Montreal, Que.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948

LIBRARY
1948

MINUTES OF PROCEEDINGS

WEDNESDAY, APRIL 14, 1948.

The Special Committee on Prices met at 4.00 p.m., the Vice-Chairman, Mr. Maybank, presiding.

Members present: Messrs. Beaudry, Fleming, Harkness, Irvine, Johnston, Mesage, Thatcher, Maybank, McCubbin, Merritt, Pinard, Winters.

Mr. Fabio Monet, K.C., Counsel to the Committee, in attendance.

Mr. Thatcher moved, seconded by Mr. Irvine, that this Committee undertake, at the earliest possible moment, a full investigation

- (1) into the reasons for the considerable increase in the price of nails;
- (2) into the reasons for the apparently unwarranted shortage.

Mr. Beaudry moved, in amendment thereto, that the matters referred to in the motion be referred to the Steering Committee.

Amendment carried.

Mr. Ronald A. Chisholm, Broker, Toronto, Ont., was called, sworn and examined. He filed,

Exhibit No. 85—List of buyers—butter contracts—with dates of purchase and Clearing House Brokers' names. (*Printed in this day's Minutes of Evidence*).

Exhibit No. 86—Dates of contracts—closed out—with names of Clearing House Brokers. (*Printed in this day's Minutes of Evidence*).

During proceedings, Mr. Winters took the Chair in the temporary absence of the Vice-Chairman.

Witness discharged.

Mr. Jules D. Lambert, Commission Agent, Montreal, Que., was called, sworn and examined.

Witness discharged.

Mr. W. D. Reid, Manager, Montreal Branch, Burns & Company Limited, was called, sworn and examined.

Witness discharged.

Mr. J. E. Soulières, Insurance Salesman, Ville St. Pierre, Que., was called, sworn and examined.

Witness discharged.

Mr. Moe Beren, Manager, Crescent Cheese Company, Montreal, was called, sworn and examined.

Witness discharged.

At 5.55 p.m. the Committee adjourned its public sitting to go into Executive Session.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

April 14, 1948.

The Special Committee on Prices met this day at 4.00 o'clock p.m. The Vice-Chairman, Mr. R. Maybank, presided.

The VICE-CHAIRMAN: We have a quorum, gentlemen. Please come to order.

Mr. THATCHER: Mr. Chairman, just before you call the witnesses for the day might I bring a matter before the committee which concerns me a little bit? I have had a good many representations, particularly from farmers, and I know everyone around this table has had many such representations, about the state of nails.

The VICE-CHAIRMAN: Did you say "nails"?

Mr. THATCHER: Nails, N-A-I-L-S. The reason I bring it up at this time is that the building season is only a couple of weeks away and the nail situation seems to be so bad that the whole of the Canadian building program could possibly be held up. Now, I have, for instance, a letter here and I would like to quote one paragraph of that letter for the information of the committee. It is from out in the west. It says, "We were desperate for nails but were given a chance to buy some at a price of 18 cents per pound"—that is away above the regular wholesale price for nails—"and thinking possibly that they might be American nails, we said that we would take 15 kegs and stipulated the sizes we required; imagine our surprise when the truck from Edmonton arrived with our 15 kegs to find that they were from a regular Canadian company". Now, that is not an exceptional case in regard to the price being paid for nails.

Mr. JOHNSTON: Is that from a wholesaler?

Mr. THATCHER: I can give you the name privately, if you wish.

Mr. JOHNSTON: I do not want to know that, Mr. Thatcher; I was wondering if they were from a wholesaler or from a retailer?

Mr. THATCHER: No, this is from the retailer.

Mr. McCUBBIN: Who bought them from the wholesaler?

Mr. THATCHER: Now, more nails definitely are being produced in Canada today than have ever been produced before yet nobody seems to have any. You can't buy nails in a store. Somebody apparently is hoarding them. Whether it is the wholesaler, the manufacturer or who it is, I do not know; but I think the matter is sufficiently important for this committee to go into it. I think that veterans and other people are being held up in the building of homes. Now, I do not know what the correct procedure in this committee is, but I think as soon as possible we should make some effort to subpoena some of the larger manufacturers of nails and some of the wholesalers and I think certain of the large contractors. I am not sure but I feel that perhaps some of the contractors are holding nails off the market. Somebody is anyway. I would like to move, if it is in order, seconded by Mr. Irvine, that this committee undertake at the earliest possible moment an investigation into the reasons for the considerable increase in the price of nails; and, secondly, into the reason for the apparently unwarranted shortage. Now, I do not know if that second part of the motion is within the terms of reference to this committee, but if it is I would like to make that motion.

Mr. IRVINE: It would be before us.

Mr. BEAUDRY: Is the motion complete now?

Mr. THATCHER: Yes, seconded by Mr. Irvine.

Mr. BEAUDRY: Mr. Chairman, may I suggest to Mr. Thatcher and to Mr. Irvine that perhaps this matter has already come up before the steering committee and that—I am subject to correction—it was decided some time ago that this committee would make an investigation with regard to construction materials.

Mr. THATCHER: Mr. Beaudry, would there be any objection to the committee doing it some time soon, before the building season gets underway?

Mr. BEAUDRY: I have no personal knowledge, but I understand that a considerable amount of preliminary work has already been done on the subject and that a certain definite program has been evolved by the steering committee. Arrangements to that end I know are in hand and it is one of the investigations which this committee intends to carry out. The steering committee, I understand, has already decided in what order they shall come—again subject to correction—and on that ground I suggest to Mr. Thatcher that perhaps his motion should be withdrawn. I think it is already being looked after and it will come up for proper investigation in due course.

Mr. IRVINE: Just a minute, Mr. Chairman. The motion can still be in order even if the steering committee has decided its course. This is merely asking in substance that the matter be given place as quickly as it is convenient for the committee's work.

The VICE-CHAIRMAN: I would say that the motion is in order but the matter has already been dealt with in substantially the terms that the motion itself uses; in other words, it might be said to be knocking at an open door.

Mr. THATCHER: If the committee will deal with nails we don't care what the technicalities are. We would like to have this subject of nails looked into before the building season gets underway.

The VICE-CHAIRMAN: Yes. Well, of course there is this to be borne in mind: the committee has already embarked on a couple of investigations that are bound to take time, and a good deal of work with respect to them has been done. Nevertheless, that does not make the motion out of order. I think probably you should change this and have it referred to the steering committee.

Mr. JOHNSTON: I would suggest, Mr. Chairman, that probably Mr. Thatcher should have it sent to the steering committee for immediate consideration.

Mr. THATCHER: All right. That is fine with me.

The VICE-CHAIRMAN: It has already been dealt with by the steering committee, and by the main committee also in executive session; an executive session which was held before you became a member of the committee, Mr. Thatcher, so naturally you would know nothing about that.

Mr. THATCHER: If I may say one more word, Mr. Chairman. There is very definite evidence I am told that there is black marketing in nails or something of that nature going on, and if we are going to go into the question of textiles and take a month on it, and a couple of weeks on meat or something like that, just when the building season is coming on my point was that this situation may not be covered soon enough, and I was hoping that we could do it even for a couple of days.

Mr. LESAGE: I am entirely in sympathy with what Mr. Thatcher has said and I have definite information that nails are being bought in large quantities by big contractors and are being resold by them.

Mr. THATCHER: At a very substantial price.

Mr. LESAGE: I do not know about the price, but I know some people who need nails to build houses have to secure them from some contractor; they cannot get them from their regular suppliers.

The VICE-CHAIRMAN: Gentlemen, I am able to say that the matter is also at this present moment under observation and investigation by the Wartime Prices and Trade Board and until such time as this committee can take it up I think it would be well if the Wartime Prices and Trade Board would have drawn to its attention what has been said here today particularly. I think we should remind them of the urgency of the matter, although I do not think it is necessary for us to do that because they have the matter in hand now. It is under active observation with them at the present time.

Mr. McCUBBIN: Just a minute, Mr. Chairman. If they have it under active observation at the present time—this thing has been going on for a year and a half or two years—why have not the Wartime Prices and Trade Board jumped on it before now? What I mean is this: we are now approaching the opening of the active construction season when veterans and others will be building homes. Out in the rural districts they can hardly get a nail.

Mr. THATCHER: There is something rotten in it.

Mr. McCUBBIN: The situation is so bad that a farmer simply cannot get a nail in the country store. They are told the cities are getting them all.

Mr. THATCHER: You can't get them there either.

Mr. McCUBBIN: I was speaking particularly of nails for repair work. The farmers don't get them at all. Somebody gets them. This thing has been brought to the attention of the Wartime Prices and Trade Board and there has not been one thing done. There is only one place where you can get nails, and that is in the black market.

The VICE-CHAIRMAN: Gentlemen, what would be your will on this matter?

Mr. FLEMING: I would suggest that it be sent to the steering committee because we passed a motion about two months ago that all such questions should be raised in the steering committee.

Mr. THATCHER: If I am in error and if that is the procedure of the committee on such matters, that is agreeable to me.

The VICE-CHAIRMAN: No, no; you are not in error.

Mr. IRVINE: I would make this observation, that over and over again matters have been brought up in this committee first. I think it should pass on to the steering committee.

The VICE-CHAIRMAN: There is no objection to the procedure that has been followed here today. Will somebody move an amendment that the matter be referred to the steering committee?

Mr. THATCHER: I will change the original motion.

The VICE-CHAIRMAN: I do not think it is necessary to do that if someone will move the appropriate amendment.

Mr. BEAUDRY: I will move that amendment, that the motion be referred to the steering committee for consideration.

Mr. McCUBBIN: I will second that.

The VICE-CHAIRMAN: That is all there is to it.

All right, gentlemen; what is your pleasure?

Some Hon. MEMBERS: Agreed.

(Motion as amended carried.)

The VICE-CHAIRMAN: We will now proceed with the witness.

Mr. MONET: I will call Mr. Chisholm.

Ronald A. Chisholm, Broker, 44 Victoria Street, Toronto, Ont., called:

By Mr. Monet:

Q. Mr. Chisholm, would you give the committee your full name?—A. Ronald A. Chisholm.

Q. And your address?—A. R.R. 1, Todmorden.

Q. Your occupation?—A. Broker.

Q. And you are from Toronto?—A. Todmorden.

Mr. WINTERS: Is Todmorden in Toronto?

The WITNESS: Toronto is a suburb of Todmorden.

Mr. WINTERS: Thank you.

By Mr. Monet:

Q. You are a broker dealing in what business, Mr. Chisholm?—A. We sell butter, eggs, cheese and poultry. We sell these products from Halifax to Vancouver.

Q. Pardon me, when you say "we" sell, whom do you mean?—A. I guess I should have said I.

Q. You are alone?—A. I am the sole proprietor.

Q. Are you operating under any other name than your own?—A. No.

Q. You operate under the name of Ronald A. Chisholm—A. Yes, sir.

Q. Operating alone under that name?—A. Yes, sir.

Q. Because you said "we", and I wanted to make that clear.

Mr. IRVINE: He used the editorial "we."

The WITNESS: That is the editorial "we".

By Mr. Monet:

Q. Would you describe to the members of the committee what your operations are as a broker?—A. Well, in so far as butter is concerned, we sell from creameries to wholesalers, from wholesalers to wholesalers, and certain seasons of the year from wholesalers to creameries, depending on the season of the year. That is in so far as butter is concerned, that also applies to these other products: eggs, cheese and poultry. We deal through the Canadian Commodity Exchange.

Q. Talking about butter now, from whom do you purchase your butter? Did you purchase any butter for yourself personally?—A. On occasions we do, yes.

Q. Did you purchase any butter for yourself during the course of the year 1947, and during the months of January, February and March of 1948?—A. Yes, sir.

Q. I am showing you now, Mr. Chisholm, a list of contracts from January of 1947 of purchases and contracts that are listed as closed out on the Canadian Commodity Exchange.—A. On the Canadian Commodity Exchange.

Q. Those contracts listed on these documents which are going to be filed as Exhibit No. 85 refer, I understand, to contracts on the commodity exchange?—A. Yes, sir.

Q. Exhibit No. 85 will be the contracts with respect to buying and Exhibit 86 will be the contracts which are closed out or which are sales? On those exhibits you have listed all your purchases and sales on the commodity exchange during the year 1947, is that correct?—A. Yes, sir.

EXHIBIT No. 85: List of buyers—butter contracts.

EXHIBIT No. 86: Dates of contracts—closed out, with names of clearing house brokers.

RONALD A. CHISHOLM

LIST OF BUYERS—BUTTER CONTRACTS

With Dates of Purchase and Clearing House Brokers' Names

Olive & Dorion shown as O & D.

Lovell & Christmas shown as L & C.

Date	Buyer	Number of contracts	Month	Clearing house broker
June 28/47	Kemptonville Cry.....	1	November	O & D
July 4/47	E. J. Smith.....	1	November	O & D
July 4/47	H. MacNevin.....	1	November	O & D
July 7/47	J. H. Currie.....	1	November	O & D
July 9/47	A. Thurston.....	1	November	O & D
July 10/47	T. C. MacConnell.....	1	November	O & D
July 10/47	Scotsburn Cry.....	2	November	O & D
July 12/47	R. A. Chisholm.....	1	November	O & D
July 14/47	Smellie Bros.....	1	November	O & D
July 14/47	Smellie Bros.....	2	November	O & D
July 22/47	W. S. MacKenzie.....	1	November	O & D
July 23/47	R. R. Potter.....	1	November	O & D
July 23/47	W. R. Potter.....	1	November	O & D
July 23/47	E. R. Thompson.....	2	November	O & D
July 23/47	V. Wright Produce.....	1	November	O & D
July 25/47	R. A. Chisholm.....	1	November	L & C
July 25/47	A. Thurston.....	1	November	O & D
July 30/47	R. A. Chisholm.....	1	November	L & C
July 30/47	A. E. Proctor.....	1	November	L & C
Aug. 1/47	V. Wright Produce.....	1	November	L & C
Aug. 1/47	R. A. Chisholm.....	1	November	L & C
Aug. 8/47	S. O. Graham.....	1	November	L & C
Aug. 12/47	G. McLean.....	1	November	L & C
Aug. 13/47	R. A. Chisholm.....	1	November	O & D
Aug. 13/47	Smellie Bros.....	6	November	L & C
Aug. 15/47	W. Brown.....	1	November	L & C
Aug. 15/47	R. A. Chisholm.....	1	November	O & D
Aug. 19/47	R. A. Chisholm.....	1	November	L & C
Aug. 19/47	G. McLean.....	1	November	L & C
Aug. 19/47	W. L. Thompson.....	2	November	L & C
Aug. 19/47	J. L. Stratton.....	1	November	L & C
Aug. 22/47	R. A. Chisholm.....	1	November	L & C
Aug. 27/47	W. L. Thompson.....	2	November	L & C
Aug. 27/47	J. A. Marshall.....	1	November	L & C
Aug. 28/47	A. E. Proctor.....	1	November	O & D
Sept. 2/47	J. A. Marshall.....	2	November	L & C
Sept. 10/47	W. L. Thompson.....	1	November	O & D
Sept. 10/47	W. L. Thompson.....	1	December	L & C
Sept. 12/47	J. Borinsky.....	1	November	L & C
Sept. 19/47	J. L. Stratton.....	1	December	L & C
Sept. 19/47	E. R. Thompson.....	1	December	O & D
Oct. 6/47	E. M. Snell.....	2	January	L & C
Oct. 17/47	Kemptonville Cry.....	1	January	O & D
Oct. 17/47	E. J. Smith.....	1	January	O & D
Oct. 17/47	W. L. Thompson.....	2	January	L & C
Oct. 17/47	R. A. Chisholm.....	2	January	L & C
Oct. 17/47	G. McLean.....	2	January	L & C
Oct. 18/47	Smellie Bros.....	4	January	L & C
Oct. 20/47	A. E. Proctor.....	2	January	{ One L & C
Oct. 20/47	W. L. Thompson.....	3	January	{ One O & D
Oct. 20/47	N. Treleaven.....	1	January	L & C
Oct. 20/47	R. A. Chisholm.....	3	January	{ One L & C
Oct. 21/47	H. Stacey.....	1	January	{ Two O & D
Oct. 21/47	Stacey Bros.....	3	January	L & C
Oct. 22/47	J. A. Marshall.....	3	January	L & C
Oct. 23/47	J. L. Stratton.....	1	January	L & C
Oct. 23/47	Scotsburn Cry.....	1	January	O & D
Oct. 23/47	E. Armstrong.....	1	January	L & C
Oct. 23/47	R. A. Chisholm.....	4	January	L & C
Oct. 24/47	G. T. Thompson.....	1	January	L & C
Oct. 24/47	T. C. MacConnell.....	1	January	L & C
Oct. 31/47	Smellie Bros.....	2	January	L & C

RONALD A. CHISHOLM

LIST OF BUYERS—BUTTER CONTRACTS

With Dates of Purchase and Clearing House Brokers' Names

Olive & Dorion shown as O & D.

Lovell & Christmas shown as L & C.

Date	Buyer	Number of contracts	Month	Clearing house broker
Oct. 31/47	W. L. Thompson.....	1	January	L & C
Nov. 5/47	Smellie Bros.....	3	February	L & C
Nov. 18/47	H. A. Burnett.....	1	January	L & C
Nov. 19/47	O. Ludlow.....	1	February	O & D
Nov. 20/47	E. Neeb.....	1	February	O & D
Nov. 20/47	R. Goode.....	1	February	O & D
Nov. 25/47	H. A. Burnett.....	1	January	L & C
Nov. 26/47	W. L. Thompson.....	2	January	L & C
Nov. 28/47	E. R. Thompson.....	1	February	O & D
Dec. 3/47	R. A. Chisholm.....	1	January	L & C
Dec. 8/47	T. C. MacConnell.....	1	February	L & C
Dec. 9/47	R. A. Chisholm.....	1	January	L & C
Dec. 9/47	G. McLean.....	1	January	L & C
Dec. 16/47	Kemptonville Cry.....	1	March	O & D
Dec. 17/47	W. L. Thompson.....	2	January	L & C
Dec. 30/47	Stacey Bros.....	3	March	L & C
Dec. 30/47	H. Stacey.....	1	March	L & C
Dec. 31/47	Stacey Bros.....	3	January	L & C
Dec. 31/47	H. Stacey.....	1	January	L & C
Jan. 6/48	W. L. Thompson.....	4	February	L & C
		124		

EXHIBIT 86

RONALD A. CHISHOLM

DATES OF CONTRACTS—CLOSED OUT

With Names of Clearing House Brokers

Olive & Dorion shown as O & D.

Lovell & Christmas shown as L & C.

Date	Buyer	Number of contracts	Month	Clearing house broker
July 16/47	R. A. Chisholm.....	1	November	O & D
Aug. 1/47	R. A. Chisholm.....	1	November	L & C
Aug. 13/47	G. McLean.....	1	November	L & C
Aug. 14/47	R. A. Chisholm.....	2	November	L & C
Aug. 15/47	W. S. McKenzie.....	1	November	O & D
Aug. 15/47	E. R. Thompson.....	2	November	O & D
Aug. 22/47	R. R. Potter.....	1	November	O & D
Aug. 22/47	W. R. Potter.....	1	November	O & D
Aug. 22/47	S. O. Graham.....	1	November	L & C
Aug. 22/47	G. McLean.....	1	November	L & C
Aug. 25/47	A. Thurston.....	1	November	O & D
Aug. 25/47	R. A. Chisholm.....	2	November	O & D
Aug. 26/47	R. A. Chisholm.....	2	November	L & C
Aug. 26/47	A. Thurston.....	1	November	O & D
Aug. 27/47	V. Wright Produce.....	2	November	{One L & C One O & D
Aug. 27/47	W. Brown.....	1	November	L & C
Sept. 15/47	W. L. Thompson.....	1	November	L & C
Sept. 15/47	W. L. Thompson.....	1	December	L & C
Sept. 17/47	W. L. Thompson.....	3	November	L & C
Sept. 19/47	J. Borinsky.....	1	November	L & C
Sept. 29/47	W. L. Thompson.....	1	November	O & D

EXHIBIT 86—Concluded

RONALD A. CHISHOLM

DATES OF CONTRACTS—CLOSED OUT

With Names of Clearing House Brokers

Olive & Dorion shown as O & D.

Lovell & Christmas shown as L & C.

Date	Buyer	Number of contracts	Month	Clearing house broker
Oct. 6/47	J. L. Stratton.....	1	November	L & C
Oct. 6/47	J. L. Stratton.....	1	December	L & C
Oct. 6/47	R. A. Chisholm.....	2	January	L & C
Oct. 17/47	Kemptonville Cry.....	1	November	O & D
Oct. 17/47	E. J. Smith.....	1	November	O & D
Oct. 17/47	J. H. Currie.....	1	November	O & D
Oct. 17/47	T. C. MacConnell.....	1	November	O & D
Oct. 17/47	Smellie Bros.....	5	November	{Three O & D Two L & C
Oct. 17/47	W. L. Thompson.....	2	January	L & C
Oct. 18/47	Smellie Bros.....	4	November	L & C
Oct. 20/47	A. E. Proctor.....	2	November	{One L & C One O & D
Oct. 20/47	G. McLean.....	2	January	L & C
Oct. 22/47	J. A. Marshall.....	3	November	L & C
Oct. 25/47	Scotsburn Cry.....	1	November	O & D
Nov. 4/47	H. MacNevin.....	1	November	O & D
Nov. 4/47	Scotsburn Cry.....	1	November	O & D
Nov. 5/47	R. A. Chisholm.....	3	January	L & C
Nov. 18/47	R. A. Chisholm.....	2	January	L & C
Nov. 20/47	N. Treleaven.....	1	January	L & C
Nov. 20/47	R. A. Chisholm.....	2	January	O & D
Nov. 25/47	H. A. Burnett.....	1	January	L & C
Nov. 28/47	T. C. MacConnell.....	1	January	L & C
Nov. 28/47	Smellie Bros.....	2	January	L & C
Nov. 28/47	Smellie Bros.....	2	February	L & C
Nov. 28/47	E. R. Thompson.....	1	December	L & C
Dec. 3/47	Smellie Bros.....	1	January	L & C
Dec. 8/47	Smellie Bros.....	1	January	L & C
Dec. 8/47	W. L. Thompson.....	2	January	L & C
Dec. 9/47	Smellie Bros.....	1	January	L & C
Dec. 9/47	W. L. Thompson.....	1	January	L & C
Dec. 10/47	Smellie Bros.....	2	January	L & C
Dec. 10/47	E. M. Snell.....	2	January	L & C
Dec. 10/47	R. A. Chisholm.....	2	January	L & C
Dec. 10/47	G. McLean.....	1	January	L & C
Dec. 12/47	Smellie Bros.....	1	February	L & C
Dec. 15/47	Kemptonville Cry.....	1	January	O & D
Dec. 16/47	E. J. Smith.....	1	January	O & D
Dec. 17/47	H. A. Burnett.....	1	January	L & C
Dec. 17/47	A. E. Proctor.....	1	January	L & C
Dec. 17/47	E. R. Thompson.....	1	February	O & D
Dec. 23/47	E. Neeb.....	1	February	O & D
Dec. 23/47	O. Ludlow.....	1	February	O & D
Dec. 30/47	Stacey Bros.....	3	January	L & C
Dec. 30/47	H. Stacey.....	1	January	L & C
Dec. 31/47	Stacey Bros.....	3	March	L & C
Dec. 31/47	Stacey Bros.....	3	January	L & C
Dec. 31/47	H. Stacey.....	1	March	L & C
Dec. 31/47	H. Stacey.....	1	January	L & C
Jan. 3/48	J. A. Marshall.....	3	January	L & C
Jan. 6/48	R. Goode.....	1	February	O & D
Jan. 6/48	W. L. Thompson.....	4	January	L & C
Jan. 7/48	Scotsburn Cry.....	1	January	O & D
Jan. 8/48	T. C. MacConnell.....	1	February	L & C
Jan. 8/48	G. T. Thompson.....	1	January	L & C
Jan. 9/48	J. L. Stratton.....	1	January	L & C
Jan. 10/48	E. Armstrong.....	1	January	L & C
Jan. 16/48	W. L. Thompson.....	4	February	L & C
Jan. 20/48	A. E. Proctor.....	1	January	O & D
Mar. 17/48	Kemptonville Cry.....	1	March	O & D

Q. How many contracts out of those would be contracts for your own purposes?—A. Nineteen.

Q. On Exhibit No. 85 you mean there are nineteen purchases which you made?—A. Nineteen purchases and nineteen closed out.

Q. You purchased nineteen cars and you sold nineteen cars?—A. Yes, sir.

Q. Each of those contracts, I understand, refers to a carload?—A. Right.

Q. 22,400 pounds?—A. That is right.

The VICE-CHAIRMAN: Just a moment, please? These lists look very much alike at a glance and to make sure that the members do not get them mixed, I will point out that it is the list of buyers which is Exhibit 85, and it is the dates of the contracts which is Exhibit 86.

By Mr. Monet:

Q. Would you tell the members of the committee how you operate with respect to those contracts listed on Exhibits 85 and 86? I am speaking of your own personal contracts.—A. You wish me to say why I bought them?

Q. Well, how did you purchase them, when did you purchase them, and what is the operation?—A. The dates of the purchases are down here, are they not?

Q. Will you take one as an example and give us the story from the beginning to the end?—A. The first contract on Exhibit No. 85 is at July 12 with one car of butter purchased at that time, and on July 16 one sale closes that contract out. I bought on July 12 and sold on July 16.

Q. You bought that car, I understand, through the commodity exchange?—A. Yes, sir.

Q. Do I take it that all the contracts listed on these exhibits are purchases and sales which have gone through the commodity exchange?—A. Yes, sir.

Q. You make a bid on the commodity exchange, do you?—A. Yes, sir.

Q. Would you describe to the members of the committee how you operate from the moment at which you decide to buy a car of butter?—A. We will say that the commodity exchange opens at 12 o'clock and butter might be 50 cents bid and 57½ cents asked. I will decide whether I am prepared to pay 57½ cents or prepared to bid 57½ cents. If I bid 57½ cents I will 'phone through to those clearing houses mentioned, Olive & Dorion or Lovell & Christmas and give them my order to buy and they will bid on the floor for me. If I am successful in purchasing that car of butter it is confirmed to me. If someone else is bidding more they get it. Does that explain?

Q. What happens when you want to sell it?—A. The same thing happens only the procedure is in reverse.

Q. I understand after you have made your purchase you decide when you will sell? What makes you decide when you will sell this carload or whether you should keep it longer?—A. Well, it is now a little difficult for me to recall my thinking just at that particular time.

Q. I do not want to refer to any particular car but I am talking about the cars of butter which you purchased for yourself and I would like you to explain to the committee how you proceed?—A. May I answer your question just in this way. We handled last year about 21,000,000 or 22,000,000 pounds of butter.

Q. It was not all for yourself?—A. No, sir, but we handled it as brokers—as a firm. We will take you through any one particular trade if you would like. On any given day I might purchase butter from the west or from Ontario. On a given day I might have bought ten or twenty cars of butter and sold ten or twenty cars of butter, thereby exhausting my supply. I might receive a further inquiry for a car or two cars which I might refuse to fill in order to keep that buying off the market at that particular moment for reasons of my own. My reason might be that I would feel that extra inquiries on the market on that particular day,

with the supply exhausted, might unduly influence the price. Not wishing to take the gamble I might decide to sell a car of butter on the commodity exchange, not owning it, to hedge my position.

Q. Do you mean to say your transaction on the commodity exchange could make the price of butter vary from a higher price to a lower price?—A. I mean my own buying on the commodity exchange.

Q. We have been told by many witnesses, Mr. Chisholm, that a market price exists. The members of the committee have tried to find out who was making that market price and I want to know from you, as a broker, whether the operations which you carry out on the commodity exchange are liable to establish the price of butter?—A. No, sir, I would not say so.

Q. Have your operations an influence on the price to a certain extent?—A. I do not think it is possible, sir, for anyone or any one group of firms to influence the price of butter except very, very temporarily. When I say temporarily I might mean for a matter of hours or at the most a day or so. I do not think there is any one group of firms in Canada large enough to influence the price of butter permanently.

By Mr. Thatcher:

Q. I just do not follow you there. Suppose all the firms in Toronto suddenly decided they would not buy butter, would not that deflate the price?—A. That happens all the time.

Q. When it happens is there not a tendency for the price to drop?—A. Certainly.

Q. Then a group of buyers could affect the price or influence it?—A. Not permanently.

Q. Not permanently?—A. No, they might influence it temporarily.

Q. They might influence it for as long as they wanted to stay off the market? They might choose to stay off a week.—A. If any one group of firms in Toronto decided to stay off the market for a week there might be another influence apply, for instance, the Vancouver buyers might decide to buy butter.

The VICE-CHAIRMAN: I think you should take the question put by Mr. Thatcher to mean all other things remaining equal. You are introducing some new influence but I think his question is asked in the light of other things remaining equal.

Mr. THATCHER: Yes, but I am satisfied with what he has said.

By Mr. Monet:

Q. I take it, Mr. Chisholm, when you buy butter or when you purchase butter for a client you make a bid to buy it as low as possible?—A. No, sir, I would not agree with you.

Q. What do you do?—A. We as brokers are working on the assumption that the sellers pay our brokerage and we try to get as good a price as possible for them.

Q. Yes, but if I asked you to purchase 50,000 pounds of butter for me you would try to get it as cheaply as possible.

Mr. IRVINE: He would fire you if you did not.

The WITNESS: No, we possibly hold the shippers in higher regard than the buyers.

By Mr. Fleming:

Q. May I interrupt right there? Does not that depend to some extent on your instructions? If you are told to buy at a price you buy at a price.—A. I attempt to.

Q. If you are told to buy at market then that is where Mr. Monet's question would apply?—A. Well, you are thinking in terms of the commodity exchange and I am thinking in terms of physical butter—is that right?

By Mr. Monet:

Q. Well, I am talking of your business.—A. Well, if a man gives me an order to buy butter at as low a price as possible I would attempt to do so.

Q. I would think so.—A. Yes.

Q. Do I take it on the commodity exchange you have to go by the price which is set by the commodity exchange at that time?—A. The price is set by the buyers and sellers, or the demand and supply on the commodity exchange at that particular time, is it not? The price is not set by the commodity exchange.

Q. But the price is reflected there?—A. The price is reflected there, the various buyers and sellers expressing their wishes on the floor of the commodity exchange.

Q. Then when you buy on the commodity exchange you have to sell at the price reflected at the time?—A. Yes. If butter is offered at 57½ cents and if it is bid for at 57 cents, and I am told to sell at the best price I can I will sell it at 57.

By Mr. Beaudry:

Q. May I interrupt for just a moment? With reference to the 21,000,000 or the 22,000,000 pounds of butter, the subject of your operations last year, what percentage would be covered by instances when you were acting as intermediary or agent, and what percentage is covered by the instances where you were acting as principal?

(Mr. Winters took the chair.)

A. I am sorry, Mr. Beaudry, I did not get that.

Q. In some cases you act strictly as a broker, or do you act in all cases as a broker or an agent?—A. By and large I act as a broker.

By Mr. Johnston:

Q. When you are buying for yourself would you be buying as a broker?—A. The positions we take on the market are often times brought about by a series of circumstances. I sell butter for a good many creameries in western Canada and in Ontario, and often times we will buy butter from them to—shall I say—relieve them of some stock that possibly they might have to sell. They might be forced to sell that butter for reasons of their own which I would not know. There could be a good many reasons why they might want to sell the butter. We will buy it under those circumstances but we do not make a practice of taking a position of buying butter.

Q. When you do buy it for yourself you do not buy as a broker?—A. No, sir, we buy it for ourselves.

By Mr. Beaudry:

Q. This committee is interested in the influence which butter brokers may have on prices, and I am interested in finding out from you the proportion of cases respecting that 21,000,000 pounds of butter where you were acting strictly as an agent? In those cases you would have no definite interest and you would be merely acting for a principal?—A. Well I have not got the figures here, Mr. Beaudry.

Q. Would you give me an approximate figure?—A. Let us take a guess at 99 per cent.

Q. So that in 1 per cent of the instances you were acting as your own principal?—A. Well I will not say it was exactly 1 per cent.

Q. I will accept that figure. You might be acting on your own behalf in order to help customers or to maintain a certain market in 1 per cent of the cases, but in 98 or 99 per cent of the cases you personally, or as a firm of brokers, would have no definite interest in the market except as intermediaries?—A. Right.

By Mr. Fleming:

Q. May I just ask a question there. Mr. Chisholm, the statement you have submitted covers the period of the last nine months and the volume of butter which you traded, namely the 21,000,000 pounds covered the past year I understood?—A. From April 1 of last year to March 30 of this year.

Q. The past twelve months?—A. Yes, sir.

Q. Now did this very small portion, the 1 per cent that you traded on your own account, compare favourably with the percentage which you traded on your own account in earlier periods?—A. It would compare.

Q. It would be about the same?—A. Oh yes.

Q. With no variations?—A. No.

Q. Would the extent of your entire trading operation on all accounts increase or decrease in the last twelve months as compared with previous years?—A. Well, Mr. Fleming, we are comparing them to years recently passed when we were under price control and there was not the same incentive or the same opportunity to allow for that 1 per cent of trading to come in. For instance, in July, I think it was on July 12, 1946, the butter market hit the ceiling and from there on it stayed exactly at that point. There was no opportunity or no incentive for me taking a position, that is, 1946-1947 season and the same thing applied in the 1945-1946 season.

By Mr. Thatcher:

Q. I should like to get this clear. Did you say only about 1 per cent was your own business and the rest you were doing for someone else?—A. I do not like to be tied down to that one per cent, but about that.

Q. How much of that 1 per cent in 1947 did you purchase in April, May and June, just prior to the ceiling being taken off?—A. I have not those figures with me.

Q. Would a big proportion of your 1 per cent have been purchased in that period?—A. Very definitely not.

Q. Most of it was purchased prior to that time?—A. Most of it was purchased if I understand—you are asking me if I purchased butter in April, May or June of last year?

Q. Yes.—A. No, sir.

Q. In other words, most of the butter your company bought was purchased after the ceiling—A. During the producing season of June, July and August.

Q. Did your company not make any abnormal profit on storage butter on hand?—A. We do not store butter. We do not enter into a storage program. I might be, let us say, stuck with a car of butter.

Q. You were not stuck with any over that period, were you?—A. Yes, very definitely. There were some uncomfortable moments, too, I may add.

Q. You mean you were stuck with some in June?—A. No, I was stuck with some butter in, let us say, from the 1st of October that I bought expecting to make possibly a quarter of a cent and, on that butter, I had a 6 cents a pound loss within two weeks. The butter market is not a one-way street, Mr. Thatcher.

Q. Lately has it not been pretty well a one-way street?—A. Definitely not, sir.

Mr. BEAUDRY: May I submit to you and the committee, the witness has already stated he does not act as a principal except in, perhaps, 1 per cent of his total operations. The committee has not very much to gain by listening to a further recital of the operations of this company since it apparently cannot influence the market either way and therefore prices.

The ACTING CHAIRMAN: What are the wishes of the committee on that?

Mr. FLEMING: Unless Mr. Monet has something to bring before us of a definite nature, I think we are just wasting Mr. Chisholm's time and our own by prolonging this enquiry.

Mr. MONET: No, I have nothing.

The ACTING CHAIRMAN: Thank you.

Mr. BEAUDRY: Have you any definite order for calling the witnesses today? It was understood last week we hoped to have one or two Montreal witnesses today. I understand they have been summoned and I think, in view of the fact their evidence would be extremely brief and we could possibly get them through today, we should follow that order.

Mr. MONET: There have been two witnesses summoned and if it is the wish of the committee that they be heard now, we can do that.

Mr. FLEMING: What other witnesses are there apart from that?

Mr. MONET: There is Mr. Waters from A. A. Ayre and Company and Mr. Edwards. Then, there are four witnesses who were summoned following the decision taken last Friday. They will be very short.

Mr. FLEMING: I was wondering what the nature of their evidence would be. If they have not anything more to offer than the last witness we, perhaps, need not call them.

Mr. MONET: It is not the same type of evidence. These are people who purchased butter and sold it with the intention of making a profit on it.

Mr. FLEMING: These are the people who were not in the industry.

Mr. BEAUDRY: May I suggest we have the Montreal witnesses. I believe there are extremely few questions to ask them. Possibly we could finish both of them within twenty minutes.

The ACTING CHAIRMAN: If the committee is agreeable we will call them.

Jules Lambert, Commission Agent, called and sworn:

By Mr. Monet:

Q. Would you please give your full name?—A. Jules Lambert.

Q. You told me before the sittings you would rather give your evidence in English?—A. If you please.

Q. What is your address?—A. Home address?

Q. Your home address and your firm address.—A. 5286 Mentana Street, and my office address is 1100 Craig Street, East.

Q. What is your occupation?—A. I am a commission agent representing the Canadian Poultry Sales, Winnipeg, who are in turn sales agents for the Manitoba Dairy and Poultry Co-operative Association as well as the Saskatchewan Co-operative Creameries Limited and other suppliers.

By Mr. Beaudry:

Q. I understood Mr. Lambert to say he is a commission agent representing the Manitoba Poultry Growers Association, was it?—A. Do you want me to repeat that?

Q. Yes.—A. I am sales representative for the Canadian Poultry Sales Limited, Winnipeg, who are in turn sales agents of the Manitoba Dairy and Poultry Co-operative Association, as well as the Saskatchewan Co-operative Creameries Limited and other suppliers.

By Mr. Monet:

Q. The office you have at 1100 East Craig Street, Montreal, is the place from which you represent these companies?—A. Yes, I operate under my own name.

Q. On a commission basis?—A. Yes.

Q. Do these firms you represent handle butter?—A. Yes, sir.

Q. Do they handle butter and poultry?—A. Poultry and eggs.

Mr. BEAUDRY: May I interrupt a moment?

Mr. MONET: Yes.

By Mr. Beaudry:

Q. What are the products you do handle?—A. Eggs, poultry and butter.

Q. Are these for the account of both the Manitoba Dairy and Poultry Co-operatives and Saskatchewan people or is there a division of interests?—A. They each operate as a separate unit.

Q. I appreciate that, but do both your principals sell or produce poultry, eggs and butter?—A. Well, I would have to explain that in a different way. We are a co-operative association and we have several principals who use our assembling and selling facilities to sell their stocks.

Q. Perhaps you misunderstood my question. I will put it differently. Do you secure the products you are going to sell, poultry and eggs and butter all three, from both associations?—A. Yes, our company does not handle anything in Ontario and Quebec.

Mr. MONET: Have you any more questions, Mr. Beaudry?

Mr. BEAUDRY: Not unless you have finished.

By Mr. Monet:

Q. Have you had any butter to offer since the first of March?—A. We had very little for the simple reason western selling ideas were higher than the Montreal market throughout the summer months.

Q. I am talking about since March 1 of this year. Since March the 1st, have you had occasion to offer butter?—A. We have cars of poultry coming down continually. About the time butter began to get short in Montreal some of our customers asked us if it would be possible to put in a few boxes of butter in these cars of poultry. I went back to our Winnipeg office and asked them and they said yes, it would be possible and they would be pleased to do it to help out our Montreal customers as well as help relieve the butter situation in Montreal.

Mr. BEAUDRY: May I interrupt, Mr. Monet?

Mr. MONET: Yes.

By Mr. Beaudry:

Q. Have you a great many customers in Montreal?—A. We do a large business.

- Q. Have you any customers larger than others?—A. Naturally.
 Q. Any of your customers prominent in business?—A. Yes.
 Q. Would you care to mention them?—A. Yes.
 Q. Who?—A. Any packing houses and wholesale houses.

By Mr. Johnston:

- Q. Do you sell to Canada Packers?—A. Yes.

By Mr. Beaudry:

- Q. Have you any large retailers among your customers?—A. We do not sell to the retail trade.
 Q. You do not sell to the chain stores?—A. No.

By Mr. Thatcher:

- Q. Do you store butter?—A. Not down east.

By Mr. Beaudry:

- Q. You sell to no chain stores?—A. No.
 Q. Of any description?—A. We may sell them some poultry.
 Q. I am asking you about your total operations.—A. Yes, we sell them poultry.
 Q. To what chains do you sell poultry?—A. Our recent sales have been only to Steinberg's Groceterias.
 Q. What do you call "recent"?—A. Last December was the first time we sold a chain store.
 Q. Have you approached chain stores or large retailers for the purpose of selling them?—A. No, we do not go after chain store business very much because our type of business demands that we ship cars of what we call natural run. We do not put up specified cars. The chain stores want specified cars of produce that they can sell over the counter. They cannot sell C grade turkeys or Old Tom or old hen turkeys. Those are mostly for restaurants.

By Mr. Fleming:

- Q. Do you send the parliamentary restaurant some of those Old Tom turkeys?—A. Well, probably.

By Mr. Beaudry:

- Q. You are the head of your business?—A. In Montreal, yes.
 Q. How many salesmen have you?—A. I have no salesmen.
 Q. You conduct your sales operations yourself?—A. 99 per cent of our business is in car lots.
 Q. Which you handle personally?—A. All myself.

By Mr. Lesage:

- Q. On the telephone?—A. Yes, but I have to make personal calls occasionally.

By Mr. Beaudry:

- Q. Have you, since January, tried to secure sales of poultry in Montreal through the added incentive of suggesting you would be able to procure butter for a person who purchased poultry from you?—A. No, on the contrary, because when we asked if we could place some butter in our poultry cars, I had to beg our Winnipeg office to give me any butter.

Q. You are saying, under oath, that at no time in Montreal since the 1st of January of this year have you suggested to any prospective purchaser of poultry that, should he purchase poultry from you, you might also be able to secure butter for him?—A. No, sir.

Q. You are saying that under oath?—A. Yes.

Q. Did anyone of your customers or prospective customers suggest to you he might be interested in purchasing other products from you than butter if you could secure butter for him?—A. No.

Q. Referring to one of your earlier statements, when you queried your Winnipeg office as to whether butter could not be included in the carloads of poultry, you were doing that strictly on your own and not because you had offered it or asked for it?—A. No, I was just trying to render a service to the Montreal consuming public as well as to customers.

Q. Is it possible anyone in your organization might have offered butter to customers or prospective customers on the condition poultry was also included in the purchase?—A. I am sure there is no possibility.

Q. You are sure of that?—A. Yes, sir.

Mr. FLEMING: Or jewelry?

The WITNESS: I cannot answer that.

By Mr. Pinard:

Q. Do you sell third grade butter?—A. I have sold some, yes.

Q. When?—A. Well, last summer; that is the summer of 1947.

Q. Have you sold any since then?—A. No, we did not have any.

(Mr. R. Maybank, Vice-Chairman, now presiding.)

By Mr. Beaudry:

Q. Mr. Lambert, I have been told that one store in Montreal might have found it possible to secure butter from you if they had purchased poultry. You insist that was at all times impossible?—A. Certainly.

Q. And do I have to come to the conclusion that my information is definitely wrong?—A. I do not know where you got your information. If you want to go further I will know what you are talking about.

Q. I am quite willing to accept your oath, and I am sure the committee is. You are stating under oath that at no time have you tried to promote your sales of produce other than butter by holding out butter as a means of securing these sales, by offering butter, or by suggesting that you might be able to procure butter where butter was not obtainable? That is your oath at this time?—A. Certainly.

Q. Thank you. I have no further questions, Mr. Monet.

Mr. THATCHER: May I ask one question for my own information? Mr. Beaudry, had the witness done that is that contrary to law? I do not know.

Mr. BEAUDRY: It would have a very considerable influence on the price of poultry.

The VICE-CHAIRMAN: I think aside from that that the Wartime Prices and Trade Board regulations would deal with it.

Mr. LESAGE: Order in council 8528 would cover that.

Mr. MONET: I have no more questions.

By Mr. Lesage:

Q. I have one. Have you received many demands for butter since the 1st of March?—A. Pardon?

Q. Have you received many demands for butter since the 1st of March?—
A. We have had inquiries all the time.

Q. You could secure some?—A. Well, I could at the time, yes.

Q. Could you sell butter to many of your customers during the month of March or since the beginning of April?—A. All our customers are handlers of butter, and they were all interested because they were in short supply.

Q. Could you supply many of them with butter?—A. No, we did not have the butter.

Q. Did you get some?—A. We got some but we had no quantity. We had a few pounds.

Q. What do you call a few pounds?—A. We might have 5,000 or 8,000 or 10,000 pounds that we could put in a car of poultry that was coming down, because that was the only way to get it down here.

Q. To whom did you sell that butter?—A. The names of the firms?

Q. Yes.—A. Do you want me to name the firms that got the butter?

Q. How many firms did get 5,000 or 10,000 pounds?—A. Three firms.

Q. Is it 5,000 or 10,000 pounds altogether during the whole month of March?—A. No, we had four cars come down in which we put in 10,000 pounds of butter.

Q. Four cars of poultry in which there were 10,000 pounds of butter in each?—A. In each car.

Q. That is 40,000 pounds of butter?—A. Yes, and we—

Q. To whom did the 40,000—

Mr. FLEMING: The witness has not finished.

The WITNESS: We figured at the time I was talking to Winnipeg that would probably help to serve about 160,000 families in Montreal.

Mr. LESAGE: I am not blaming you. I am just asking questions.

Mr. BEAUDRY: But each one of those cars—

The VICE-CHAIRMAN: Have you gentlemen got it settled who is going to ask questions?

By Mr. Beaudry:

Q. Were the full contents of each car assigned to one customer?—A. Oh, yes.

Q. Is that usual practice or was that incidental on account of the butter?—

A. As I told you before all our business is car lot business. We do not split up cars.

Q. I am asking you, is that regular practice?—A. Yes, certainly.

Q. It has been over a period of years?—A. At least 99½ per cent of it. That is regular practice and has been for the last 18 years.

Q. That car load is assigned to a customer and would be made up of various kinds of goods?—A. Yes.

By Mr. Lesage:

Q. To whom were they sold?—A. Do you want the names of the buyers?

Q. Yes, you said there were three.—A. There were two cars sold to Eastern Farm Products, Montreal. There was one car sold to E. Nantel, Montreal.

Q. Who is he, a wholesaler?—A. He has a wholesale-retail business. One car was sold to Burns and Company Limited.

Q. In each case the whole car was sold, poultry together with butter?—
A. Yes.

Q. Burns and Company are wholesalers in poultry, eggs and butter?—A. Yes, all packing house products.

Q. And Nantel?—A. Nantel handles only poultry, butter and eggs.

Q. And Eastern Farm Products?—A. He handles poultry, butter, eggs, beef, veal—

Q. That is enough. There were three of them, usual customers of yours both in poultry and butter?—A. Yes.

Q. And what happened was usual?—A. Very normal.

Q. There was nothing abnormal about these sales?—A. No, sir.

Q. It is usual that in car lots of poultry there will be some butter?—A. Yes, sir.

By Mr. Beaudry:

Q. You never at any time offered a specific quantity of 12,000 pounds of butter provided the purchaser, or prospective purchaser, also would buy from you approximately 15,000 pounds of turkeys?—A. No, sir.

Mr. THATCHER: Could I ask a question?

The VICE-CHAIRMAN: Yes.

By Mr. Thatcher:

Q. I should like to ask Mr. Lambert whether he thinks the shortage of butter at the present time is going to get worse during the coming months? Is it likely to be worse next year than it is at present?

Mr. LESAGE: What do you want, margarine?

The WITNESS: I am no prophet. I could not answer that because I do not know what the—

Mr. THATCHER: Butter is very scarce.

Mr. BEAUDRY: I think the question is unfair to the witness. He has already said he is strictly a commission agent.

The VICE-CHAIRMAN: It may or may not be unfair. If the witness thinks it is unfair we will consider that. He has only been asked as to what he thinks about the situation.

Mr. THATCHER: He probably does not think my question is as unfair as some Mr. Beaudry was asking.

Mr. BEAUDRY: I resent that very much, Mr. Chairman.

The VICE-CHAIRMAN: Everything is in order. Keep it under control.

Mr. THATCHER: May I proceed for a minute?

By Mr. Thatcher:

Q. There is a definite butter shortage now, is there not?—A. Yes, certainly.

Q. That butter shortage is likely to become worse, according to the way most dairy men are talking?

Mr. LESAGE: You are saying that. It is not a question.

The VICE-CHAIRMAN: No, no, no. That question is quite in order. He made a statement and asked whether or not that was not so.

Mr. THATCHER: The witness answered "yes".

The VICE-CHAIRMAN: There is nothing wrong with that question at all.

By Mr. Thatcher:

Q. If it is going to get worse—

Mr. BEAUDRY: That is an assumption, very gratuitous.

Mr. LESAGE: When is it going to get worse? Did you ask him when, next week or next year?

Mr. MERRITT: I object to these interruptions.

Mr. BEAUDRY: We object to statements that are not relevant.

The VICE-CHAIRMAN: Just a moment.

Mr. MERRITT: I have sat here for two months listening to this and never objected before.

The VICE-CHAIRMAN: Mr. Merritt, you stop first and we will see if we can get the others to stop. These questions are in order. There cannot be any argument about that. The mere fact that the questioner may be leading in a direction that some person may desire us not to go does not make the question out of order.

Mr. THATCHER: Hear, hear.

The VICE-CHAIRMAN: And do not start an argument across the table this way about whether or not a question should be asked. Make a point of order if you want to and when it is settled then keep quiet until the questioner is finished.

Mr. THATCHER: The witness just stated he expected we would have a greater butter shortage next year than we did this year.

Mr. LESAGE: I did not hear that.

The VICE-CHAIRMAN: Just a moment.

Mr. LESAGE: On a point of order; I do not think the witness stated that.

The VICE-CHAIRMAN: That the witness said there would be a greater butter shortage?

Mr. LESAGE: Next year. I never heard him say that.

Mr. McCUBBIN: He said he was no prophet.

The VICE-CHAIRMAN: He said a short time ago he was no prophet.

Mr. THATCHER: I should like to pursue this.

The VICE-CHAIRMAN: You wait, too, while I am speaking. As I heard him the witness stated that he was no prophet. If he afterwards made the statement that you are saying he made then your question is in order, but if he did not make that statement then you are in effect, whether intentionally or not, putting words into his mouth. You should not do that.

Mr. THATCHER: I would not want to do that. I will repeat my question.

The VICE-CHAIRMAN: I suggest you start over again.

Mr. LESAGE: I think it would be better, and do not prompt the answers.

The VICE-CHAIRMAN: Let us see if we can stop sliding on both butter and margarine.

By Mr. Thatcher:

Q. Would the witness state whether in his opinion as a man who handles butter he believes that there will be a greater shortage next year than there is this year or a shortage as great?—A. I think so.

Q. You definitely do. Well, as a man who handles butter how would you suggest that we should get around the shortage?

Mr. BEAUDRY: Maybe we should get the cows to answer that.

By Mr. Thatcher:

Q. Would you favour the rationing of butter? The present system is pretty unsatisfactory. A lot of customers cannot get butter in Montreal.—A. Yes, sir.

Q. Would you favour butter rationing?

Mr. BEAUDRY: Mr. Chairman, I object. The witness is not here as an expert on what this country should do about the present shortage of butter.

Mr. LESAGE: We have a bill in the House about that. He should discuss it.

Mr. BEAUDRY: I suggest we go back to the order of reference.

The VICE-CHAIRMAN: You make a statement and do not even wait for the response. You address the chair on whether a question is in order. I have my personal opinion as to the value of both the question and the answer, but as to being in order the question has been asked many times of other witnesses. Only this is no time to interrupt and try to block the question. If a man is not expert in this field his answer is probably valueless, as he would say himself, that does not affect the situation as to whether or not it is in order.

Mr. LESAGE: It would affect his opinion.

Mr. BEAUDRY: Start—

The VICE-CHAIRMAN: Just a minute. We might as well get this clear. Either there will be order in the committee or I will not be sitting here trying to keep order. If you do not want order that is quite all right with me. There are lots and lots of chairmen. The woods are full of them, but I am not going to be chairman of a committee that will not keep order.

Mr. BEAUDRY: Mr. Chairman, I am very sorry if I have caused you any personal embarrassment.

The VICE-CHAIRMAN: You have not caused me any embarrassment at all, but I am not going to sit in this chair and have back talk one way and another to have the meeting carry on like the side lines of a football game.

Now, Mr. Thatcher has been asking some questions which I rule are in order, but if any person thinks they are out of order he can take an appeal from the chair; but until that is done, leave him alone; and if there is any objection on the point of order take it in the proper way.

Will you proceed, Mr. Thatcher.

Mr. THATCHER: Thank you, Mr. Chairman. The witness stated that there was going to be probably a greater shortage next year and I asked him as a man who handles butter what suggestions he thinks might be advisable for meeting the shortage. Some of the witnesses have suggested three things: first, that butter should be rationed; secondly, that the country should import butter and increase supply; and, thirdly, that we should have margarine. Now, I wonder if the witness would care to comment on any one of those three suggestions as a possible solution.

Mr. LESAGE: Mr. Chairman, on a point of order.

The VICE-CHAIRMAN: Yes.

Mr. LESAGE: I think the witnesses whom we have had here have suggested more than three ways, and it is not fair—

The VICE-CHAIRMAN: That point of order is not well taken.

Mr. LESAGE: Well, but Mr. Chairman—

The VICE-CHAIRMAN: Just a moment now.

Mr. LESAGE: Let me finish.

The VICE-CHAIRMAN: It is not well taken for this reason, that Mr. Thatcher did not say that other people had only said three; he said three. Others may offer alternatives when their turn comes.

Mr. LESAGE: Yes, but Mr. Chairman, if I may, Mr. Thatcher in his question did not offer the witness any other alternatives. If he does it is all right with me, but he did not.

Mr. THATCHER: You can add another.

The VICE-CHAIRMAN: It did not make any difference that he did not offer any other alternatives, the question is still in order. If he only offered him one alternative the question would still be in order. Go ahead.

Mr. THATCHER: Would you care to comment on the question of shortage and whether or not in your opinion we should have a combination of the three or do we need any of them?

Mr. LESAGE: Pardon me, I did not get that question.

Mr. THATCHER: I am asking the witness.

Mr. LESAGE: I have a right to hear the question and I want to hear it myself.

The VICE-CHAIRMAN: He named the three alternatives which you heard him speak about and asked him if he desired to comment upon that; whether any one of these three would be wise, or if all of them would be wise.

Mr. LESAGE: From the nature of the thing it is confusing.

The VICE-CHAIRMAN: That is the way the question was put.

Mr. THATCHER: Would you care to comment on that?

The WITNESS: If I may follow the words of Mr. Chairman who suggested that I was no expert; so, therefore, my opinion is valueless I think on the point.

Mr. THATCHER: That is a very diplomatic answer. I have just one more question, Mr. Chairman.

The VICE-CHAIRMAN: Before you ask your question may I just point it out to you, that while your questions are in order as far as you have gone to see what you have been doing; you have been asking this committee to make inquiries of a witness whose answers on a particular point are valueless. As I think it would be fair to translate that sort of question into wasting time.

Mr. THATCHER: Well, that is your opinion.

The VICE-CHAIRMAN: I am pointing it out to you as a reasonable person that if you are asking questions of a witness and it is known that the answers would not count, the questions are valueless.

Mr. THATCHER: I think they may be of some value because he is in business. It has been stated that it is valueless, but I will proceed if I may.

By Mr. Thatcher:

Q. Would the witness say there are many people today in Montreal who cannot get butter?—A. It is hard to say, probably.

Q. You said there was a shortage of butter?—A. There is a shortage, maybe for a day or two they can't get any and then probably they could pick up a quarter of a pound.

Q. This is my final question; would you say some of these people cannot get butter because they cannot afford to pay 70 cents, or whatever the price is?—A. I would not go that far.

Mr. THATCHER: Thank you.

Mr. McCUBBIN: I have just one question, Mr. Chairman. The witness said that as far as next winter is concerned there will be a greater shortage than there has been this winter, and I want to ask him on what he bases that opinion.

The VICE-CHAIRMAN: Excuse me, I think you are putting words into his mouth. I think he said it would be "as bad as".

Mr. McCUBBIN: He said worse.

The VICE-CHAIRMAN: All right, if you want his reasons for that.

By Mr. McCubbin:

Q. I want to know why you said it would be as bad as last year?—A. That is only the opinion that I gather from hearing trade talk.

Q. That is the opinion of the trade?—A. Among those to whom I have spoken.

By Mr. Lesage:

Q. You are not talking about the province of Saskatchewan now?—No, no.

Q. All across Canada?—A. I am talking about the Montreal trade.

Q. The Montreal trade?—A. Yes.

Q. You are not giving that as the viewpoint all across Canada?—A. No, sir.

Mr. BEAUDRY: Is that the opinion of producers or purchasers?

The WITNESS: Purchasers.

By Mr. Lesage:

Q. You do not have any contracts with the co-operative producers in either Ontario or Quebec in any way?—A. No, sir.

Q. So you do not know their point of view?—A. I do not.

By Mr. Winters:

Q. Is there much third grade butter available from the west?—A. There is none in the summer months but there would not be any at the present time.

Q. Is it pretty hard to get at this time of the year?—A. I do not think we have any that I know of.

Q. Do you think we could get it if you wanted to?—A. No, they haven't got it.

Q. Why is that, that they do not have third grade butter at this time of the year?—A. Well a product of that kind, you always dispose of it as rapidly as you can.

The VICE-CHAIRMAN: They have lots of it in Halifax.

Mr. WINTERS: Yes.

By Mr. Winters:

Q. Would you get third grade butter now and sell it in Montreal if you could get it?—A. I would just as soon not handle the stuff.

Mr. THATCHER: I do not think the witness would be likely to get third grade butter if he were dealing with a Saskatchewan co-operative.

The VICE-CHAIRMAN: There is a saying in a certain society, "my duty is formed, sir". I think you could say that now with reference to yourself. You have spoken for Saskatchewan anyway.

Are there any other questions?

Mr. MONET: Not for me, Mr. Chairman.

Mr. BEAUDRY: Mr. Chairman, may I bring up a matter of privilege? I think a few minutes ago Mr. Thatcher made reference to my questions, as to what was bringing out. May I say that I am only asking questions which I think appropriate, and that I am asking them through my sense of duty, not with any idea of personal pleasure or because I like to. For that reason I do not think the statement Mr. Thatcher made should be in the record. I do not think it serves any purpose; and if what Mr. Thatcher said is to be allowed to stand in the record I would feel obliged to make some reply, which I do not intend to do at the moment.

The VICE-CHAIRMAN: Would you like to have it crossed out of the record? Is anyone here any objections to it being crossed out?

Mr. THATCHER: He made the statement first—

The VICE-CHAIRMAN: When I was a child we used to get into quarrels often one saying "'tis" and the other saying "'t'aint".

Mr. THATCHER: I withdraw.

Mr. BEAUDRY: Thank you.

Mr. MONET: Call Mr. W. D. Reid.

W. D. Reid, Manager, Burns & Company Limited, 1100 Craig Street East, Montreal, P.Q., called.

By Mr. Monet:

Q. Mr. Reid, what is your name?—A. William D. Reid.

Q. And your address, your home address?—A. 5153 N.D. de G. Avenue Montreal.

Q. And your occupation?—A. Manager for Burns and Company, meat packers.

Q. Burns and Company, their head office is in Winnipeg?—A. No, Calgary, Alberta.

Q. You are the manager of the Montreal office?—A. Yes.

Q. How long have you been manager at Montreal?—A. Seventeen years.

Q. Are you the only representative of the company at Montreal?—A. no, we have a staff.

Q. You have a staff; but I mean, your office is the only office representing Burns and Company?—A. Yes.

Q. How long have you been there?—A. Seventeen years.

Q. In Montreal?—A. Yes.

Q. What do you handle? I understand you handle butter, and you handle other products, do you?—A. In Montreal we do not carry a full line packing house goods, we do not process smoked meat or sausage meat products. We handle everything else: butter, eggs, poultry, cheese, lard, shortening—

Q. Who do you sell butter to?—A. We sell butter to wholesalers and retailers.

Q. And do you sell poultry?—A. Wholesale and retail.

Q. And also all the other products?—A. That is right.

Q. Did you have occasion since the 1st of March to sell butter by wholesale and retail?—A. Yes, sir.

Q. Did you have occasion to sell poultry also?—A. Yes, sir.

Q. What quantities of butter did you get? I understand you do not manufacture any butter in Quebec?—A. No, it all comes from the west.

Q. What part of the west?—A. All over the west. We have plants and branches located in all the western provinces.

Q. It comes in carloads, I suppose?—A. No; sometimes in carloads, sometimes enclosures in cars, particularly during this period of shortage. We have been bringing in enclosures in these cars, or any way we can get it down here.

Q. We have just been told by the previous witness that some of their butter came in cars with poultry; would that be the case with you?—A. We have been doing that as far as poultry and butter are concerned, the commodity rate is the same on them and we bring in both in the same car.

By Mr. Beaudry:

Q. Have you a warehouse in Montreal?—A. No, we operate a refrigerated storage warehouse.

Q. You rent space?—A. We rent space there.

Q. Do you keep a considerable stock on hand?—A. I would think so.

Q. Would you care to value it in dollars on the whole of your operations?—A. Do you mean, poultry?

Q. For the operations.—A. I would not be able to give it for the whole operation. I will give you the poultry. At the present time we have 4,000 boxes of poultry in storage at Montreal.

Q. And the cash value of that at wholesale would be approximately what?—A. \$250,000 to \$300,000.

Q. Are those supplies unusually large, or unusually small or fairly normal?

—A. We are in the poultry business year in and year out, week in and week out.

Q. My question is, is that amount of poultry on hand unusually large, unusually small or fairly normal?—A. It is heavier than it has been in the last two years because poultry stocks were short during the period of rationing. I would say that our stock is probably 50 per cent higher than it was a year ago.

Q. You would say it is high enough to be an over-supply?—A. No, I would not say that.

Q. How does that stock compare with the pre-war years—say in 1939 or 1940?—A. About the same.

Q. At this particular time of the year?—A. Yes.

Q. Against a smaller volume of sales—are you operating with a fairly large staff in Montreal?—A. No, we have not a big staff. The warehouse does all the work for us, unloading and handling the cars, but we have a sales staff of five men.

Q. You would not know whether your sales staff at any time in the last four months suggested to purchasers, or prospective purchasers, that you might be able to procure butter for them if they purchased poultry which you had?—A. No, but we made an offer of a mixed carload of poultry and butter.

Q. Would you tell me to whom you made that offer?—A. I would like to tell you the background first.

Q. Before we go into that may I ask a preliminary question? Whom do you supply in the way of large retail houses, and I would also include creameries and dairies?—A. We supply the chain stores and people like Pesner Brothers.

Mr. WINTERS: Whom?

The WITNESS: Pesner Brothers.

By Mr. Beaudry:

Q. Yes?—A. They are wholesale and retail. We have over 250 active accounts.

Q. Do you include Dominion Stores among your accounts?—A. We sell to Dominion Stores, yes.

Q. Elmhurst Dairies?—A. No.

Q. Frontenac Dairies?—A. No.

Q. Steinberg's Groceterias?—A. Yes.

Q. A. & P.—A. Yes.

Q. Would you please go back to this transaction to which you referred a moment ago?—A. When it became apparent that carload lots of butter from the west would be few and far between, I personally contacted all our plants and branches and asked them to enclose butter in our regular cars of fresh meats. We have fresh meats coming from Winnipeg, Regina, Calgary, Edmonton, and sometimes from Prince Albert every week throughout the year. We asked them to make enclosures of butter—any type of butter, and any quantity. We ran into a snag at Prince Albert. They had 10,000 pounds of butter but could not make up the weight to bring the car east, and we finished the car with poultry. We offered that car out as a carlot in Montreal.

Q. To whom did you offer it?—A. I could not say. It was my produce manager who offered it and it was offered around to the trade and eventually sold.

Q. Do you know to whom it was eventually sold?—A. Yes, sir, the Modern Poultry and Egg Company.

Q. Would you be able to tell us what quantity of butter and what quantity of poultry there was?—A. There were 10,000 pounds of butter and 13,000 pounds of poultry.

Q. You say this particular car was offered around the trade?—A. Yes.

Q. Would that imply most of your salesmen were aware of its existence and offered it to their customers?—A. Yes, sir.

Q. And it was a case of first come first served, is that it?—A. I think in some instances the car was not desirable for some of the retail trade. There were those who probably could not handle that quantity of poultry and it was really a wholesale deal.

Q. The Modern Poultry and Egg Company is a large concern?—A. They are large handlers.

Q. Do they deal mostly in poultry or mostly in butter?—A. I think probably poultry is the biggest end of the business.

Q. They purchased the poultry and purchased the butter at standard prices?—A. Yes, sir.

Q. Do you recollect at what price the butter was sold?—A. The butter was sold at the wholesale ceiling of 86½ cents.

Q. What?—A. Pardon me, it was sold at 68¼ cents.

Q. And the poultry?—A. And the poultry was sold on the basis of 48½ cents for "A" turkeys, 20 cents down.

Q. That is the only instance to which you will swear, in your sales procedure in the last four months, where there was a sale of poultry and butter?—A. Definitely.

Q. In a mixed carload?—A. Pardon me, a former witness said that we purchased a car from his company. We have been buying from the poultry pool for a number of years. We did buy a car from Mr. Lambert but it was split up and sold retail again.

Q. In any case you are sure that your salesmen did not hold butter as a means of closing a poultry sale?—A. No, sir, definitely.

Q. And you can answer for all of your salesmen?—A. Yes, sir.

By Mr. Thatcher:

Q. Mr. Reid, you stated that you handled butter for seventeen years as manager of Burns & Company?—A. Yes, sir.

Q. And you handled it before that?—A. Yes, I was out in the west for twenty-one years.

Q. In other words, you have had something to do with butter for thirty-eight years?—A. Yes.

Q. That should set you up pretty well as an expert in butter?—A. I would not say so.

Q. Well if thirty-eight years experience in butter will not make an expert there are probably very few experts in Canada. The butter prices are at the moment higher than they have been for a long time?—A. Yes, sir.

Q. I wonder if you would care to say what effect on the price of butter the manufacture of margarine would have?—A. I would not know.

Q. Would you be inclined to think it might lower it?—A. I could not say, sir.

Q. All right.

The VICE-CHAIRMAN: If there are no other questions we will say thank you very much, Mr. Reid.

J. E. Soulieres, 144-5th Avenue, Ville St. Pierre, Que., called:

By Mr. Monet:

Q. Mr. Soulieres, I understand that although your name is French you would rather give your evidence in English?—A. Yes, sir.

Q. What is your name please?—A. Joseph E. Soulieres.

Q. Your residence?—A. 144-5th Avenue, Ville St. Pierre.

Q. What is your occupation, Mr. Soulieres?—A. Insurance salesman.

Q. How long have you been acting as an insurance salesman?—A. Twelve years.

Q. Now Mr. Soulieres my information is that on July 29, 1947, you stored with Lovell & Christmas in Montreal 24,864 pounds of butter. Is that information correct?—A. Pardon me, it was 12,727.

Q. Would you check that figure?—A. No, 24,864 is right.

Q. And was the date which I have just given correct? July 29, 1947?—A. That is right.

Q. My information is also to the effect that you sold the same quantity of butter, 24,864 pounds at one time in a carlot on August 15 of the same year?—A. That is right.

Q. That would be correct?—A. Yes.

Q. Would you please tell the members of the committee what you paid for that butter which you stored on July 29? I understand you purchased it all at the same time?—A. Yes, sir. I bought the butter at 51½ cents and I sold it at 54½ cents.

Q. That was about 17 days later?—A. About that.

Q. Had you purchased any butter previous to that time—during the course of the year 1947?—A. No, that was the first time.

Q. Why did you purchase that butter? Was it for your own use?—A. No, it was not for my own use. The quantity was a little too large. I figured with rationing coming off that it was a good buy.

Q. What do you mean by a good buy?—A. Well naturally, you would know what I mean by that. I figured with rationing coming off—

Q. It was a chance to make money.

The VICE-CHAIRMAN: It was a speculative purchase.

The WITNESS: I would not say that but you could mean that too.

The VICE-CHAIRMAN: There is no criticism intended but you were speculating that the price would go up. If you bought it before it went up and sold it after it went up you could make some money.

By Mr. Monet:

Q. That was the main reason you purchased it?—A. Yes.

Q. I have no other questions.

Moe Beren, Manager Crescent Cheese Company, called:

By Mr. Monet:

Q. Mr. Beren, what is your address?—A. 6659 Park Avenue.

Q. Montreal?—A. Montreal.

Q. What is your present occupation?—A. I am employed by the Crescent Cheese Company.

Q. In what capacity?—A. Manager.

Q. You are manager of the Crescent Cheese Company?—A. That is right.

Q. What does the Crescent Cheese Company handle?—A. Butter, cheese, and cream.

Q. And you are acting as manager?—A. That is right.

Q. And how long have you been manager of the company?—A. Thirteen years.

Q. Now Mr. Beren, my information is to the effect that on September 11, 1947, you stored 27,664 pounds of butter in your own name with Lovell & Christmas, which butter was again sold as a lot on December 11, 1947? Would that information be correct?—A. Yes, sir.

Mr. FLEMING: Excuse me, when you say in your name do you mean your personal name or the name of your company?

By Mr. Monet:

Q. It was in your own name, the name of Moe Beren?—A. That is right.

Q. That butter was not purchased by the company?—A. That is right.

Q. I understand there have been many purchases by the company—the Crescent Cheese Company—and many of those purchases are also stored with Lovell & Christmas?—A. Yes.

Q. But you made this particular purchase which has been referred to in your own name?—A. Yes, in addition.

Q. And you stored it with Lovell & Christmas in your own name?—A. Yes.

By Mr. Johnston:

Q. Is that the general practice of the company? Does the company permit you to buy butter in your own name and store it like that?—A. It was forbidden during the war years. There was no speculation during the war years.

Q. Does your company permit personal speculation?—A. Yes.

Q. I just wanted to know.

Mr. MONET: What was the price at which you bought this 27,664 pounds of butter stored on September 4 and sold on December 11?

The WITNESS: I have the figures here. I paid 60½ for it and I sold it at 65 cents.

Mr. HARKNESS: I did not hear that.

By Mr. Monet:

Q. He purchased it at 60½ and he sold it at 65. Now Mr. Beren, I am also informed that you stored with the same company on November 12 another lot of 28,224 pounds of butter which you sold 14 days later, November 26? Is that correct?—A. Yes, sir.

Q. That was also purchased, stored, and sold in your own personal name?—A. That is right.

Q. At that time I understand you were manager of the Crescent Cheese Company?—A. Yes.

Q. Would you tell the members of the committee what price you paid for that butter and the price at which you sold the butter?—A. 59½ was the price I paid and 62½ was the price at which I sold.

Mr. JOHNSTON: What was the number of pounds in the second deal?

By Mr. Monet:

Q. 28,224 pounds. Now why did you purchase the butter in your own name instead of purchasing it for the company?—A. I did it in the hope of making a little money.

Q. And you did make a little money?—A. That is right.

Mr. WINTERS: Mr. Chairman, I would like to refer the committee for a moment to order in council 8525, section A, sub paragraph 3(b).

Mr. LESAGE: It is 8528.

Mr. WINTERS: Yes, 8528, section A, sub paragraph 3(a). "No person shall acquire, accumulate or withhold from sale any goods beyond the amount which is reasonably required for the ordinary purposes of his business, or beyond such amount if any as the board may prescribe." I would like to ask the witness if he was aware of the regulation and if he was if he thinks he complied with the regulation?

The WITNESS: I do not think that was an order at the time I purchased the butter. I think that ruling came off with the ceiling removed by the Wartime Prices and Trade Board.

Mr. WINTERS: Well this is dated the 1st of November 1941, and is subsequently amended right up through to 1947.

Mr. LESAGE: It is effective now and was effective last fall.

Mr. FLEMING: We know that particular section has nothing to do with ceilings, anyway.

Mr. LESAGE: It has to do with hoarding. Is what he did hoarding, that is the question? -

Mr. WINTERS: I just asked him if he is aware of that section and, if so, does he think he has complied with the section?

The VICE-CHAIRMAN: The witness says he thinks it was not in force at the time he made his purchase and sale, but it was in force at that time.

The WITNESS: If it was, I did not know of it.

By the Vice-Chairman:

Q. You thought it was not in force, did you?—A. That is right.

By Mr. Winters:

Q. You were aware of it but you thought it was not in force?—A. I was aware during the war years and as long as the ceiling was on, no private speculation was permitted. As soon as the order was removed it was assumed that these regulations went with it, were removed with it.

By the Vice-Chairman:

Q. That was your belief?—A. Yes.

By Mr. Winters:

Q. I do not know whether this question is in order, Mr. Chairman, but you can tell me if it is not. Knowing now this order is effective and was effective at the time of your transaction, do you feel you have complied with the terms of the order?

Mr. FLEMING: I think before the witness answers that, in fairness to him, he should be warned as to the effect of the answer. No witness can be asked a question the answer to which might incriminate him. The chairman ought to warn him.

The VICE-CHAIRMAN: Now, witness, I would not say that you do not have to answer that, but you have the right to ask for the protection of the committee and I have no doubt that is what you desire.

The WITNESS: Yes.

The VICE-CHAIRMAN: It is understood, whatever the proper form of giving this protection is, that protection is given. You understand that only goes this length; it means the answers you make may not be presented against you in evidence in any case which may be brought against you, a criminal case, of course.

Mr. LESAGE: I think it would be dangerous if we accepted that question as being in order even with protection. It adds up to asking the witness a question not concerning facts but, practically, his opinion of his own guilt.

The VICE-CHAIRMAN: I think, possibly, the question might be said to be in order in the nature of cross-examination, but I believe on consideration Mr. Winters would say it is hardly fair to ask a man, in advance, to plead not guilty or guilty and prefer charges against himself. It is going a bit far.

Mr. WINTERS: That is right; I shall not press it.

Mr. IRVINE: The order is there, it speaks for itself.

Mr. LESAGE: The order is there, but it does not speak about speculation, just hoarding. Was this man speculating or hoarding? That is a question I would not want to answer too definitely, myself.

Mr. IRVINE: There are very few days between the buying and selling?

Mr. FLEMING: That is a point we can get at. How many days did the witness remain the owner of the butter? Did it ever come into your physical possession?

The WITNESS: No.

By Mr. Fleming:

Q. It never did?—A. No.

Q. Where was it held?—A. Lovell and Christmas.

Q. Lovell and Christmas simply transferred it to you and then transferred it from you to the second purchaser on your order?—A. Yes.

Mr. LESAGE: It was at your disposal, so it was in your possession. It was in your possession, there is no doubt about it.

Mr. WINTERS: The order says acquire, accumulate or withhold.

Mr. FLEMING: How many days was it in each case?

The WITNESS: The first one was a couple of months and the second one, I believe, a week.

Mr. MONET: I have all the information here. The first deal was three months, Mr. Fleming—I do not want to answer for the witness—and the second was fourteen days.

Mr. IRVINE: What was the period in the first instance?

Mr. MONET: Three months.

Mr. IRVINE: Which three months?

Mr. MONET: From September 11 to December 11, 1947, and the second period was from November 12 to November 26. I have no more questions to ask of this witness.

Now, Mr. Chairman, I had summoned two more witnesses in this category, but Mr. Arsenaault has given me a telegram which has been received from one saying he is unable to respond to the summons due to illness. I have the summons here and I have the information on which I was to question him. I leave it with the committee to give me directions in the matter.

Mr. FLEMING: When did the wire come in?

Mr. MONET: On April 12.

Mr. FLEMING: When was the summons served?

Mr. MONET: April 10.

Mr. FLEMING: No doctor's certificate?

Mr. MONET: It is from the doctor. First, there was a telephone call and this was followed by our request for a doctor's certificate. Instead of that, we received this telegram from the doctor.

Mr. LESAGE: Does he say when the witness could attend?

Mr. MONET: I will read it.

C. G. Bishop, unable respond to summons on account illness.

W. E. Hume, M.D.

This witness had been summoned to appear with the other two previous witnesses and for the same reason.

Mr. FLEMING: Has he made any kind of return?

Mr. MONET: In answer to that, I must say I wrote to these witnesses asking them for all the information. The two previous witnesses supplied that to me but, so far as this witness is concerned, there was no answer to my letter. The letter I sent asked if they had purchased butter; at what price; when they had sold it; what price; what their present occupation is; how long they had been engaged in their present occupation and what their previous occupation had been.

Mr. FLEMING: If this particular witness or intended witness had given the information I would think we could very well let the matter drop, but as this witness has not given the information I would think we had better hold the matter open until the witness has recovered and can attend, or at least can give us the information that counsel considers necessary.

Mr. LESAGE: How many pounds of butter?

The VICE-CHAIRMAN: Would you add to that that counsel endeavour to check up to see when he can come here?

Mr. FLEMING: Yes. We can leave it in Mr. Monet's hands on that basis.

Mr. LESAGE: How many pounds of butter are involved in this particular instance?

Mr. MONET: 27,888 pounds purchased in the month of September.

Mr. LESAGE: All right, I am satisfied. Counsel should inquire.

Mr. MONET: I will.

The VICE-CHAIRMAN: At any time we can decide to interrupt the proceedings on some other inquiry for the purpose of having this witness heard.

Mr. MONET: There was another one that I wish to bring to your attention, the same situation. In this particular case there was an answer given. I summoned the witness because there was an amount of 89,200 pounds purchased in July and sold in November. He gave an explanation but I felt it my duty to summon him before the committee and I did. A letter was handed to me at 4 o'clock this afternoon that he is unable to attend, that he had to be operated on.

Mr. FLEMING: Does the letter purport to be written before or after the operation?

Mr. MONET: I have not read it. It was given to me a few minutes ago. I will read it now. It is addressed to R. Arsenault.

Dear Sir:—I have for acknowledgement summons issued April 10 also telegram stating to appear in Ottawa Wednesday, April 14 instead of Tuesday the 13th. I regret to advise that on account of two operations and prolonged illness I will be unable to attend as according to my surgeon I will be confined to the house for some months yet. Should you require my doctor's confirmation of this I will gladly have same sent or refer you to my surgeon, Dr. A. R. —

I cannot read the name—

—Drummond, Medical Building, 1414 Drummond Street, Montreal, Quebec, who would give you full details.

Yours truly,

A. G. GUILD.

Mr. THATCHER: Is this one the Wartime Prices and Trade Board are investigating?

Mr. MONET: I am not aware of that.

Mr. LESAGE: I think in Montreal there are means by which counsel can ascertain to what extent this man is sick or being operated on.

The VICE-CHAIRMAN: The members from Montreal are not present. Otherwise it might be possible to turn it over to them.

Mr. LESAGE: It is a job for an investigator.

Mr. JOHNSTON: Did this man supply the information required?

The VICE-CHAIRMAN: Yes, he supplied some information. Mr. Monet, what was the information that this man supplied?

Mr. MONET: First in answer to the question asked by Mr. Thatcher I have been informed there is no investigation being carried on concerning that party. The answer I have is as follows—it is addressed to me—

F. Monet, Esq.,
Ottawa.

Dear Sir: I have for acknowledgment your letter of March 30th requesting information regarding butter. I purchased 1,000 boxes 56s June 18th, 1947, at 51½ cents per pound and 597 boxes 56s at 50½ cents per pound on July 14th, 1947. I sold both lots October 11th, 1947, at 57 cents per pound. The above prices do not include carrying charges of approximately ½ a cent per pound per month. The purchasers were Lovell and Christmas (Canada) Limited. In regard to my occupation I have been a food broker for the past 30 years and prior to that was connected with sales.

Yours truly,

A. GUILD.

As I said before this gentleman had transmitted to the secretariat information that shows that he did not have any butter in his possession in 1946. He did not have any butter in his possession until June, 1947. On the 1st of July he was holding 89,200 pounds of butter, and he kept it until November when it was sold.

Mr. FLEMING: I suppose that we could turn the information we have over to the Wartime Prices and Trade Board. If they think there is any occasion to prosecute no doubt they will. I suppose it would only be reasonable to assume there may have been some speculation going on. On the other hand, we have the statement of Mr. Monet made to the committee some time ago that as far as he had been able to ascertain the amount of trading that was done in butter by persons other than those engaged in the business of buying and selling butter was insignificant.

As far as these other people who were subpoenaed we have heard from a couple of them. As to the others I do not know. In the case of that one witness who did not make any return and who is not here I think as a matter of asserting the rights of the committee to require the attendance of witnesses we will have to be sure that is a bona fide case. If it is then we can leave it at that, I think, and turn the file over to the Wartime Prices and Trade Board if there is any reason for following it through. As to this man who has made a return I think probably we could let that one rest. That would be my view.

Mr. IRVINE: That would be mine.

Mr. JOHNSTON: I would agree with that.

The VICE-CHAIRMAN: Is that agreed? (Agreed.)

Mr. MONET: There is one more here I wish to bring to your attention before I close this part. This witness was not summoned. He is from Port Arthur, Ontario, and he transmitted an explanation which shows there was \$10,000 profit made on a transaction of 203,736 pounds of butter which was purchased mostly in August and sold in November.

Mr. IRVINE: That is quite a large amount.

Mr. MONET: I think that is a very substantial amount. It is the largest amount of all those we have dealt with this afternoon. The letter received from

him which I have here shows there is a gross profit of \$10,000 on that transaction. If the members of the committee wish me to summon him I will do so. He is from Port Arthur, Ontario.

Mr. FLEMING: What is his normal business?

Mr. MONET: He says here:

For several years I have owned and operated the Peter Tonge Meat Market, wholesale and retail produce suppliers, and I am at present sole owner of the Lakehead Locker Storage Limited at Port Arthur, dealers in wholesale and retail meats and produce.

Mr. JOHNSTON: I think possibly the same procedure could be followed on that as with the others. It is true it is a larger amount but if the information were turned over to the Wartime Prices and Trade Board they could decide whether it should be taken into court.

The VICE-CHAIRMAN: The information should be spread upon the record, of course.

Mr. JOHNSTON: It is now.

The VICE-CHAIRMAN: I guess it is.

Mr. FLEMING: The board has full power to investigate and follow the matter up to see if it is bona fide.

Mr. LESAGE: They have a cheaper way of investigating than we have.

The VICE-CHAIRMAN: Is that agreed? (Agreed).

Mr. MONET: I may say one of the reasons he was not summoned was on account of the very heavy expense to bring him here. Having received this information I thought it would be better for me to transmit it to you and get your view on it.

The VICE-CHAIRMAN: Gentlemen, you will recall I sent a message around to you that the chairman would be back shortly before six and wanted to have a short executive session. The main session will now be considered adjourned and we will wait here for the executive session.

Mr. FLEMING: Does this finish us on butter?

Mr. MONET: I have two more witnesses unless you do not want to hear them, two more companies.

Mr. LESAGE: How many more witnesses on butter?

The VICE-CHAIRMAN: He says possibly two.

The meeting adjourned to resume on Thursday, April 15, 1948, at 11 o'clock a.m.

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HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 38

THURSDAY, APRIL 15, 1948

WITNESSES:

Mr. H. L. Waters, President, The A. A. Ayer Company, Limited, Montreal, Que.

Mr. J. A. Cregan, Manager, Butter Department, The A. A. Ayer Company, Limited, Montreal, Que.

Mr. J. C. Edwards, J. C. Edwards & Company, Montreal, Que.

Mr. N. Shoofey, Accountant, J. C. Edwards & Company, Montreal, Que.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.P.H.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
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MINUTES OF PROCEEDINGS

THURSDAY, APRIL 15, 1948.

The Special Committee on Prices met at 11.00 a.m. The Hon. Mr. Martin, chairman, opened the meeting and asked Mr. McCubbin to take the chair.

Members present: Messrs. Fleming, Harkness, Irvine, Johnston, Lesage, Thatcher, Martin, McCubbin, Merritt, Pinard, Winters.

Mr. Fabio Monet, K.C., Counsel to the Committee, in attendance.

Counsel filed,

Exhibit No. 87—Statement submitted by Co-opérative Fédérée de Québec, showing sales of 500 boxes of butter and more. (*Printed in this day's Minutes of Evidence*).

Mr. H. L. Waters, President, and Mr. J. A. Cregan, Manager, Butter Department, The A. A. Ayer Company, Limited, Montreal, Que., were called, sworn and examined. Mr. Waters filed,

Exhibit No. 88—Series of six statements on butter operations by The A. A. Ayer Company, Limited. (*Printed in this day's Minutes of Evidence*).

Witnesses discharged.

Mr. J. C. Edwards, J. C. Edwards & Company, Montreal, and Mr. N. Hooley, Accountant for the Company, were called, sworn and examined.

Mr. Edwards filed,

Exhibit No. 89—Statement showing profit and loss and other butter operations by J. C. Edwards & Company. (*Printed in this day's Minutes of Evidence*).

Witnesses discharged.

At 12.25 p.m. the Committee adjourned to meet again at 4.00 p.m. this day.

AFTERNOON SITTING

The Committee resumed at 4.00 p.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Fleming, Harkness, Irvine, Lesage, Thatcher, Martin, McCubbin, Merritt, Pinard, Winters.

In the absence of the Chairman, Mr. McCubbin again took the Chair for a moment.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Mr. Dyde made a general statement reviewing the work performed by the Committee's Secretariat as a preliminary to the inquiry into meat, and giving an outline of the procedure he proposed to follow in respect of this inquiry.

Counsel filed,

Exhibit No. 90—Meat Statistics, 1940-1946, as prepared by the Dominion Bureau of Statistics, Agricultural Division. (*Appendix A to this day's Proceedings*).

Exhibit No. 91—Wartime Prices and Trade Board Administrator's Order No. A-2032 respecting beef, and amending Order No. A-2294. (*Appendix B to this day's proceedings*).

Exhibit No. 92—Wartime Prices and Trade Board Administrator's Order No. A-2211 respecting pork products and amending Order No. A-2428. (*Appendix C to this day's proceedings*).

Exhibit No. 93—Chart showing livestock prices, 1946-47-48. (*Appendix D to this day's proceedings*).

Exhibit No. 94—Comparison of wholesale beef prices (carcasses) with farm ceiling prices. (*Appendix E to this day's proceedings*).

Exhibit No. 95—Series of four charts on wholesale pork prices, retail pork prices, wholesale beef prices, and retail beef prices. (*Appendix F to this day's proceedings*).

Exhibit No. 96—Summary of average prices of Beef and Pork. (*Appendix G to this day's proceedings*).

Exhibit No. 97—Statement entitled "Inspected Slaughtering of Livestock." (*Appendix H to this day's proceedings*).

Exhibit No. 98—Statement on milkfeed prices. (*Appendix I to this day's proceedings*).

Exhibit No. 99—Statistical material on meat supplied by Marketing Service Department of Agriculture. (*Appendix J to this day's proceedings*).

The question having arisen as to whether a chart entitled "Distribution of Consumer's dollar for meat and meat products, U.S.A., 1939" should be filed as an exhibit and printed, Mr. Lesage moved that the said chart be filed as an exhibit and printed. Motion carried, with the casting vote of the Acting Chairman.

Counsel then filed,

Exhibit No. 100—Chart on distribution of consumer's dollar for meat and meat products, U.S.A., 1939. (*Appendix K to this day's proceedings*).

At 5.40 the Committee adjourned to go into Executive Session, and to meet again in public session on Friday, April 16, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

April 15, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Chairman, Mr. Paul Martin, presided.

The CHAIRMAN: The meeting will please come to order. This afternoon we will commence the meat inquiry at four o'clock. Mr. Dyde, who has been doing a great deal of work on this question, I believe, will take up most of the afternoon with an introductory statement and the presentation of material which has been very carefully prepared. He has a witness ready to go on when his preliminary work is finished.

Mr. FLEMING: The change of diet will be welcome.

The CHAIRMAN: I have asked the clerk of the committee to send a wire to Mr. Homuth expressing the hope his recovery will be complete and rapid and that we miss his very modest and quiet manner in this committee.

Mr. THATCHER: Just before you start with a witness, did the steering committee have an opportunity of considering the situation with regard to nails?

The CHAIRMAN: Not yet, but they will discuss that pointed question.

Mr. MONET: Before I call the first witness, I wish to file as Exhibit 87 a statement which will be distributed to the members of the committee prepared by the Co-operative Fédérée de Québec in answer to a question asked of Mr. Monet on page 1269 of the evidence. This statement gives a list of the Co-operative's customers to whom that company sold more than 500 boxes of butter. This information has been received and will be distributed to complete that part of the investigation.

I also wish to table a letter which has been received from Lovell & Christmas in answer to questions asked of them by Mr. Beaudry on pages 1440 and 1453 of the evidence regarding the capital employed during the year 1947 in their operations in butter and also the book value of their fixed assets. I shall table this letter and it can be printed in the evidence.

(At this point Mr. McCubbin assumed the chair.)

Mr. MONET: Shall I read this letter or shall we just have it printed as a long read?

Mr. FLEMING: How long is it?

Mr. MONET: It is very short.

The ACTING CHAIRMAN: It is up to the committee. Do you wish it read?

Mr. FLEMING: You might as well read it.

Mr. MONET: The letter is addressed to me and reads as follows:

Dear Mr. MONET: We have discovered that the task of determining capital employed in our buying and selling of butter is a much greater one than we anticipated when in Ottawa. We have just completed figures for the twelve months period ended March 31 last and these figures reveal that:—

- (a) The average capital employed during the period amounted to \$118,332.89.

- (b) The average applicable bank borrowings during the period amounted to \$470,291.71.
- (c) The average money tied up in butter during the period amounted to \$588,624.60.

These figures are based on the state of affairs existing at the beginning of the four quarterly periods commencing April 1, 1947 and have been reached by taking what we consider an equitable distribution of our assets and liabilities over the departments and have been determined after a great deal of study and in consultation with our auditors.

The book values of our fixed assets as at April 1, 1947 were as follows:—

Land	\$40,743.37
Buildings	48,859.22
Machinery	7,080.35
Furniture	7,051.96

The city valuation on our property at that same date was \$95,360.00

Yours very truly,

LOVELL & CHRISTMAS (CANADA) LIMITED,

(Signed) JOHN F. FREEMAN, *Director*

EXHIBIT No. 87:—Statement showing sales of 500 boxes of butter and more, Co-operative Fédérée de Québec, Montreal.

EXHIBIT 87

STATEMENT SHOWING SALES OF 500 BOXES OF BUTTER AND MORE CO-OPERATIVE FEDEREE DE QUEBEC MONTREAL

Name	1946 Boxes	1947 Boxes
Ayer A. A & Co. Ltd.	19,134	22,443
Bardier Raymond	546	905
Bissonnette Alfred	6,711	3,873
Canada Packers Ltd.	5,160	8,543
Caron J.-E.	719	693
Casavant L.-A. & Fils	4,494	2,714
Crémérie des Trois-Rivières	500	....
Chisholm R.-A. ....	....	900
Co-opérative Fédérée de Québec (Québec) .....	....	959
Crémérie Moderne Ltée .....	....	500
Diguise & Chapdelaine	1,275	....
Deslauriers A. & Fils	3,132	2,859
Dubois H. & Cie Ltée	5,126	....
Eastern Farm Products	1,491	2,548
Edwards J. C. & Co. Ltd.	4,736	....
Hodge Geo. & Son. Ltd.	599	3,548
Hodgson, Rowson & Co. Ltd.	11,951	6,381
Jersey Brand Products	22,917	15,527
Kingston Creameries .....	....	503
Laiterie Fédérale Ltée	2,033	1,461
Laiterie Notre Dame Ltée	3,780 (loaves)	4,247 (loaves)
Laiterie Shawinigan .....	....	698
Les Produits Mont-St-Hilaire .....	....	565
Loblaw Groceteria & Co. ....	....	502
Lovell & Christmas Ltd.	14,064	24,624
McGillis Alex. D. & Co. Ltd.	5,555	12,996
McLagan P.-W. & Co. Ltd.	1,325	500
Milot, Jules N.	1,381	1,643
Olive & Dorion Ltd.	18,424	25,946
Pâquet Albert	554	....
Piché, J. A.	1,000	....
Pollock Saunders Ltd. ....	....	601
Sabourin, J. A. & Fils	3,190	2,176
St. Germain, R.	871	....
Société Coopérative Agricole, Joliette, P.Q.	1,799	1,076

STATEMENT SHOWING SALES OF 500 BOXES OF BUTTER AND MORE
CO-OPERATIVE FEDEREE DE QUEBEC
MONTREAL—*Con.*

Name	1946 Boxes	1947 Boxes
Société Coopérative Agricole de la Rivière Noire, St. Jérôme, P.Q.	1,253	632
Société Cooperative Agricole, St. Germain de Grantham, P.Q.	869	503
Succes Cheese & Butter Co. ....	....	503
Swift Canadian & Co. Ltd.	4,249	8,943
Thacker, C. M. ....	....	3,417
The Great A. & P. Tea Co. Ltd. ....	....	3,507
Whyte Packing & Co. Ltd.	691	....
Wilsil Ltd. ....	....	503
	<u>149,529</u>	<u>167,976</u>

STATEMENT SHOWING SALES OF 500 BOXES OF BUTTER AND MORE
COOPERATIVE FEDEREE DE QUEBEC
QUEBEC

Name	1946 Boxes	1947 Boxes
Ayer A. A. & Co. Ltd.	34,876	41,603
Bergeron Armand.	4,100	3,013
Beurrerie de Jonquière Enrg.	1,376	2,072
Bhérier Paul-Emile.	190	675
Bissonnette, Alfred.	1,003	3,297
Brookside Dairy Inc.	149	1,097
Burns & Co. Ltd. ....	....	1,001
Canada Packers Ltd., 12060 Mill. ....	....	14,025
Canada Packers Ltd., Québec.	10,789	299
Coopérative Agricole des Producteurs, St. Joseph d'Alma.	548	372
Coopérative Fédérée de Québec, 130 est, rue St. Paul.	1,577	1,179
Coopérative Fédérée de Québec, Rimouski, Que... ..	678	732
Coopérative de Madawaska Ltée.	797	....
Crémérie La Malbaie Enrg.	1,655	442
Crémérie Union Simard.	504	....
Dominion Fish & Fruit Co. Ltd.	4,024	199
Dubois H & Cie.	1,500	....
Emond & Côté.	26,210	14,451
Gagnon Adrien.	5,043	6,167
Genest Laval.	754	2,048
Girard Jos.	817	1,197
Guy Daniel.	60	526
Hodgson, Rowson & Co. Ltd.	4,359	2,763
Hôpital St-Michel Archange.	600	....
Jersey Brand Products.	668	849
Laberge Charles.	654	898
Laberge J. Edgar.	833	2,118
Laiterie Fortier Enrg.	14	1,131
Laiterie de Québec.	3,701	3,864
Laiterie de Shawinigan Ltée.	200	1,402
Larose Nap. Enrg.	2,332	1,802
L'Industriouse. ....	....	540
Lovell & Christmas Canada Ltd.	8,845	17,021
McGillis Alex. D. & Co. Ltd. ....	....	2,275
Olive & Dorion Ltée.	3,696	20,511
Perron Albert. ....	....	2,086
Perron Jos.	3,507	1,154
Société Coopérative Agricole, St-Raymond.	530	720
Swift Canadian Co. Ltd., Moncton, N.B. ....	....	852
Swift Canadian Co. Ltd., Québec.	1,143	1,201
Tailleur Paul-Emile.	361	407
Thacker, C. M. ....	....	4,994
Tremblay Francois.	95	635
Tremblay, Jos.	1,290	790
Tremblay V. Enrg.	11,157	7,300
Turgeon, Jos.	741	....
Victoria Creamery.	1,201	....
Total.	<u>142,577</u>	<u>169,708</u>

Mr. LESAGE: May I ask, Mr. Monet, whether the secretariat has gone over the list of names supplied by the Co-operative Fédérée?

Mr. MONET: The secretariat has, I was going to mention that, Mr. Lesage. A letter was sent to Lovell and Christmas requesting the following information; the names of their customers; the names of people who had stored butter with them; the date of receiving the butter; the date of taking it out; and so on. Then, a letter was sent to 42 cold storage plants in Canada, the 42 largest. Most of these plants have answered that letter giving me all the information requested. This information is in the hands of the secretariat and has been examined. It covers hundreds and hundreds of purchases. This information is in the hands of the secretariat and, I think should be deposited with the secretary of the committee because it was requested by the members of the committee. It certainly cannot remain in my possession.

Mr. LESAGE: I think the secretariat should go into the matter and ascertain whether these people were in the butter business.

Mr. MONET: I did, personally, Mr. Lesage, go over every one of them and I was satisfied that practically every one of those people were in the butter business.

Mr. LESAGE: Did you go over that list of the Co-operative Fédérée?

Mr. MONET: I did.

Mr. LESAGE: For instance, there is a Mr. Thatcher, I think it is, listed. This Mr. Thatcher did not buy any butter in 1946 but bought 3,497 boxes in 1947.

Mr. MONET: I may add this, the Co-operative Fédérée not only sent the names of their customers but they sent every invoice for the year 1947. There is a box containing thousands of invoices.

Mr. LESAGE: The invoices do not tell you whether the people are in the butter business.

Mr. MONET: That is what I am telling you; I looked them over myself and I was satisfied that these people were in the butter business except for the few who have been summoned. That is my opinion, it may not be yours.

Mr. FLEMING: I am prepared to take it.

Mr. LESAGE: I am prepared to take it myself.

Mr. MONET: I think all these documents should be handed to the committee.

Mr. LESAGE: May we come to the conclusion that the only people, of those listed, who were not in the butter business and who dealt in butter during 1947, were the ones who were subpoenaed here?

Mr. MONET: Some of them were here. Those who were here yesterday were taken from the list supplied by Lovell and Christmas.

Mr. LESAGE: Yes but the Lovell and Christmas list was not the only list.

Mr. MONET: I can definitely tell you I have checked every one of them and they were all in the butter business; at least, that was my impression.

Mr. LESAGE: We may conclude, then, that a very, very small quantity of butter was bought by people who were not in the butter business.

Mr. MONET: That would be my impression from an examination of the documents.

Mr. PINARD: In other words, there have only been three or four speculators?

Mr. MONET: I am not on the witness stand, now.

Mr. FLEMING: I think it is fair to leave it the way Mr. Monet put it.

Mr. MONET: I am not prepared to say there were only three or four but my impression is there were very few.

Mr. THATCHER: The whole proceedings of the committee show that it was not the companies who were at fault but the government for taking off the ceiling.

Mr. FLEMING: I think Mr. Monet summed it all up in this expression when we discussed this question before; that the number of speculators, or the amount involved in speculation, and by that we mean purchase and sale by people who were not regularly in the butter business, was insignificant.

Mr. MONET: Was not very large; that is still my conviction. There is no doubt there were some.

Mr. FLEMING: There were some, but as a factor involved in scarcity, it was insignificant.

Mr. IRVINE: There was an element of speculation in every deal on the market.

Mr. FLEMING: Not necessarily; the people who were not in the butter business regularly would be the speculators.

Mr. IRVINE: I admit what you say, but I think there is an element of truth in the way I have put it.

Mr. JOHNSTON: I was wondering, in view of the fact our reference suggests definitely we should deal with those factors which have resulted in the recent rise in the cost of living, should we not call in the railways to ask why they increased freight rates by 21 per cent, thus contributing to a rise in the cost of living.

Mr. LESAGE: Do you suggest we summon Colonel Cross, chairman of the Board of Transport Commissioners?

The ACTING CHAIRMAN: It is something which came up after our order of reference.

Mr. JOHNSTON: We could call in Mr. Chevrier.

The ACTING CHAIRMAN: Are you all satisfied with regard to this question?

Mr. THATCHER: Are we all through with butter?

The ACTING CHAIRMAN: We have one more witness.

Mr. MONET: Am I to understand these documents of which I have spoken are to be deposited with Mr. Arsenault?

The ACTING CHAIRMAN: Is that your wish?

Agreed.

Mr. MONET: Mr. Waters, please.

H. L. Waters, President, A. A. Ayer Co. Limited, called and sworn:

Joseph E. Cregan, Manager, Butter Department, A. A. Ayer Co. Limited, called and sworn:

Mr. MONET: Mr. Waters, would you please give your full name?

Mr. WATERS: Henry L. Waters.

Mr. MONET: You are president of A. A. Ayer Company?

Mr. WATERS: Yes.

Mr. MONET: What is your address?

Mr. WATERS: 4557 Sherbrooke Street, West.

Mr. MONET: Mr. Cregan, what is your full name?

Mr. CREGAN: Joseph E. Cregan.

Mr. MONET: What is your address?

Mr. CREGAN: 6810 Somerled Avenue, Montreal.

Mr. MONET: Mr. Waters, what is your occupation?

Mr. WATERS: I am president.

Mr. MONET: Mr. Cregan?

Mr. CREGAN: I am manager of the butter department.

Mr. MONET: Mr. Waters, would you please tell the members of the committee when the company of which you are president was incorporated?

Mr. WATERS: Mr. Ayer commenced business in 1867. Following several changes in organization the business firm of A. A. Ayer Limited was incorporated on the 4th of March, 1913.

Mr. MONET: When does your fiscal year end?

Mr. WATERS: On the 30th of April.

Mr. MONET: I understand, Mr. Waters, this is the first year your fiscal year has ended on April 30th?

Mr. WATERS: Yes.

Mr. MONET: Previous to this year, would you please tell the members of the committee when your fiscal year ended?

Mr. WATERS: The 28th of February.

Mr. MONET: So, last year, the fiscal year ended on the 28th of February, 1947?

Mr. WATERS: Yes.

Mr. JOHNSTON: Why was the change made?

Mr. WATERS: Nothing to do with anything except purely internal reasons within the company.

Mr. MONET: I understand your company owns storage warehouses?

Mr. WATERS: We have three warehouses, all intercommunicating. In effect, they are all one building, but there are three addresses.

Mr. MONET: In Montreal?

Mr. WATERS: Yes.

Mr. MONET: Would you give the addresses?

Mr. WATERS: The main warehouse with our office is at 690 St. Paul Street, West. Then, one building runs back along St. Henri Street and our number is 368 St. Henri Street. Then, the property turns along William street and the street number there is 691 William Street.

Mr. MONET: While we are on this subject, Mr. Waters, are those three warehouses sufficient to take care of all your butter operations or do you rent other space?

Mr. WATERS: It would be very, very seldom we would rent any other space.

Mr. MONET: Do you rent space to any other firms?

Mr. WATERS: Yes, we do a public cold storage business, particularly in the winter. So far as our operations are concerned, we try to have our warehouses for butter during the producing season, but in the winter we go into storing meat and other commodities.

Mr. JOHNSTON: I cannot hear.

Mr. WATERS: In the winter we store meat and other products like that. As the butter moves out, we try to fill up with other products.

Mr. MONET: I understand you do not manufacture any butter, you only purchase butter?

Mr. WATERS: Yes.

Mr. MONET: Do you purchase or deal in other commodities or in products other than butter?

Mr. WATERS: Cheese.

Mr. MONET: Anything else?

Mr. WATERS: We have a small factory supply department, but it is so small that it is not separated.

Mr. MONET: Where do you purchase your butter from, wholesalers or creameries, or where?

Mr. WATERS: I was just going to say that in the actual trading questions I would prefer to have Mr. Cregan answer.

Mr. CREGAN: We receive butter direct from country creameries. We also purchase from the Co-operative Fédérée, and also on the Commodity Exchange; and also during the summer months from western creameries.

Mr. FLEMING: Would you speak a little louder, please?

Mr. MONET: You say you purchased butter on the Commodity Exchange. Would that be a large part of your butter purchases?

Mr. CREGAN: A quite substantial quantity.

Mr. MONET: Could you give the members of the committee the percentage of the butter purchased through the Commodity Exchange?

Mr. CREGAN: You mean, out of your total purchases?

Mr. MONET: Yes, out of your total purchases of butter.

Mr. CREGAN: I could not give you it exactly, but I would say it would be at least 25 per cent.

Mr. MONET: And do you sell that butter to retailers and wholesalers—to whom do you sell that butter?

Mr. CREGAN: A large part of it goes out to the retailers.

Mr. MONET: Do you sell any direct to consumers?

Mr. CREGAN: No, sir.

Mr. MONET: You never have?

Mr. CREGAN: No.

Mr. MONET: Did you refuse during the latter part of 1947, any bids for butter from your customers?

Mr. CREGAN: Do you mean, from our regular customers?

Mr. MONET: From any customers; and if you have any explanation to give?

Mr. CREGAN: Not to my regular customers, no, but others with whom we had not been dealing regularly, of whom we had quite a number. I would say we refused quite a few.

Mr. MONET: But your regular customers were never held up, you did not hold any butter back from them?

Mr. CREGAN: No.

Mr. MONET: What would be the reasons for your refusing to accept bids from people who were not your regular customers?

Mr. CREGAN: It would all depend on where they were from, probably some people down in the Maritimes wanted a car of western butter. We simply didn't have any. Sometimes some people wanted a car of No. 1 western butter and we did not have any, therefore you would have to tell them you could not offer.

Mr. WINTERS: Has anybody from the Maritimes ever bought any third grade butter from you?

Mr. CREGAN: We shipped third grade butter last fall to the Maritimes.

Mr. WINTERS: Who ordered it in the Maritimes?

Mr. CREGAN: Oh, we shipped to several people down there.

Mr. WINTERS: Can you say whether or not you ever sold to Canada Packers?

Mr. CREGAN: The only thing we sold to Canada Packers was unsalted butter.

Mr. WINTERS: Is that graded as first grade butter?

Mr. CREGAN: Oh yes, government grade.

Mr. WINTERS: Did you have requests wherein they ever specifically ordered third grade butter from you?

Mr. CREGAN: Not from us.

Mr. MONET: Is that all, Mr. Winters?

Mr. WINTERS: Yes, thank you, Mr. Monet.

Mr. MONET: Have you any butter on hand at the present time?

Mr. CREGAN: I was speaking to the office this morning and they told me they had 60 boxes and they wanted to know who they would split it up with.

Mr. MONET: The 60 boxes of 56 pounds each?

Mr. CREGAN: Yes.

Mr. MONET: How many customers have you needing butter?

Mr. CREGAN: Our normal trade at the present time is about 100,000 pounds a week.

Mr. MONET: Then your present supply will not last you very long.

Mr. CREGAN: I am afraid not.

Mr. MONET: For the last two weeks what have you done so far as your customers are concerned?

Mr. CREGAN: We have just rationed it out.

Mr. MONET: We have heard from previous witnesses evidence of the same kind, that they were giving their customers about 50 per cent of their requirements; you have done the same?

Mr. CREGAN: I do not think we are giving them 50 per cent even, because we do not have it, and we have not had any butter in since the 1st of March.

Mr. FLEMING: Did I understand you to say that you have not had any butter in at all since the 1st of March?

Mr. CREGAN: No, sir. The last car of butter we got in came from western Canada and arrived on the 13th of March. We have not had a box of butter since then.

Mr. MONET: You have not had any butter come in since March 13, from any source whatever?

Mr. CREGAN: No sir.

Mr. MONET: Now, Mr. Waters, this will be all the questions I have as far as general questions are concerned, because I presume after having talked it over with you you will have the same kind of evidence as has been given by the previous witnesses. I want you to refer now to the statement which you prepared in answer to a request by counsel; I would like to have this filed as an exhibit. That will be Exhibit 88.

EXHIBIT 88: —Formal statement submitted by the A. A. Ayer Company Limited.

EXHIBIT 88

Statement 1

THE A. A. AYER COMPANY, LIMITED

GENERAL INFORMATION

Name: The A. A. Ayer Company, Limited.
 Address: 690 St. Paul St. W., Montreal, P.Q.
 Business commenced: 1867
 Business incorporated: 14 March, 1913 (private company)
 Subsidiary companies engaged in the butter industry: None
 Creameries: None
 Storage warehouses: 690 St. Paul St. W., Montreal, Que.
 368 St. Henry St., Montreal, Que.
 691 William St., Montreal, Que.
 Retail outlets: None

INDEX TO STATEMENTS

Statement No.

1. General Information
2. Butter operations by years—1939 to 1948
3. Butter operations by 3 month accounting periods—1946 to 1948
Quantities and value of butter
4. For 1946, 1947 and 1948.
5. For 1943 and 1944
6. For 1939 and 1940

Statement 2.

THE A. A. AYER COMPANY, LIMITED

(690 St. Paul St. West, Montreal, Quebec)

STATEMENT OF PROFIT OR LOSS OF BUTTER TRADING DEPARTMENT
FOR FISCAL YEARS ENDED 28TH FEBRUARY
(Cents omitted)

	Sales	Cost of sales	Gross profit	Direct expenses	Profit before deducting administration and selling expenses	Administration and selling expenses	Net departmental profit before taxes on income
	\$	\$	\$	\$	\$	\$	\$
1939.....	2,004,644	1,980,081	24,563	21,245	3,318	32,137	*28,819
1940.....	2,342,441	2,245,647	96,794	28,787	68,007	38,186	29,821
1941.....	1,997,195	1,886,811	110,384	26,462	83,922	44,289	39,633
1942.....	3,214,170	3,138,252	75,918	28,955	46,963	38,398	8,565
1943.....	2,182,129	2,121,327	60,802	24,664	36,138	35,304	834
1944.....	2,307,230	2,243,377	63,853	35,743	28,110	35,927	*7,817
1945.....	2,004,223	1,969,613	34,610	22,280	12,330	26,713	*14,383
1946.....	2,108,810	2,048,456	60,354	30,379	29,975	32,798	*2,823
1947.....	1,948,515	1,909,542	38,973	25,174	13,799	29,822	*16,023
11 months ended 31 March, 1948...	3,662,374	3,401,500	260,874	37,027	223,847	53,907	169,877

* Loss.

Direct Expenses comprise the following items: Labour, cartage, weighing, supplies, paper, wire, etc., insurance, sundries.

Administration and Selling Expenses include: Salaries and directors' fees, selling commission, interest, telegraphs, telephones and cables, postage, stationery, office expenses, excise stamps, donations, subscriptions and memberships, audit fees, exchange and bank charges, legal fees.

THE A. A. AYER COMPANY, LIMITED

PROFIT OR LOSS ON BUTTER TRADING OPERATIONS FOR ACCOUNTING PERIODS
(Cents omitted)

—	Sales	Cost of sales	Gross profit	Direct expenses	Profit before deducting administration and selling expenses	Administration and selling expenses	Net departmental profit before taxes on income
	\$	\$	\$	\$	\$	\$	\$
3 months to 31 May, 1946.....	203,858	202,625	1,233	2,936	*1,703	6,623	*8,326
3 months to 31 Aug. 1946.....	872,452	859,619	12,833	9,605	3,228	8,830	*5,602
3 months to 30 Nov. 1946.....	529,089	518,162	10,927	9,724	1,203	8,415	*7,212
3 months to 28 Feb. 1947.....	343,116	329,136	13,980	2,976	11,004	5,887	5,117
2 months to 30 Apr. 1947.....	157,777	153,834	3,943	2,178	1,765	4,408	*2,643
4 months to 31 Aug. 1947.....	1,381,215	1,339,414	41,801	16,191	25,610	16,221	9,389
3 months to 30 Nov. 1947.....	1,308,048	1,229,551	78,497	13,793	64,704	18,420	46,284
4 months to 31 Mar. 1948.....	973,111	832,535	140,576	7,043	133,533	19,329	114,204

* Loss.

QUANTITIES AND VALUE OF BUTTER—BY MONTHS

PRICES

1861

Quantities of butter—Lbs.					Dollar value		Average per lb.		
On hand at beginning of month	Purchases during month	Sales during month	On hand at end of month	Purchases during month	Sales during month	Cost of purchases	Selling price	Margin between cost and selling price	
				\$	\$	cts.	cts.	cts.	
1946									
Month—									
January.....	457,632	80,080	256,312	29,019	102,727	36.24	36.50	0.26	
February.....	256,312	28,000	36,344	10,276	90,520	36.70	36.50	0.20	
March.....	36,344	74,368	3,696	26,757	39,095	35.98	36.53	0.55	
April.....	3,696	180,432	6,104	72,235	76,602	40.03	40.26	0.23	
May.....	6,104	225,008	382,144	234,964	88,682	38.31	39.41	1.10	
June.....	382,144	613,256	736,232	328,936	196,875	38.04	38.56	0.52	
July.....	736,232	864,584	1,147,328	471,327	313,718	39.30	39.79	0.49	
August.....	1,147,328	1,051,176	1,180,256	420,221	410,778	39.98	40.34	0.36	
September.....	1,180,256	538,552	1,141,784	215,534	233,712	40.02	40.50	0.48	
October.....	1,141,784	318,528	364,448	127,671	147,252	40.08	40.40	0.32	
November.....	1,095,864	7,616	804,832	3,012	121,038	39.56	40.53	0.97	
December.....	804,832	332,696	472,976	322	134,622	38.42	40.46	2.04	
Loss in weight in trading.....	472,976	6,776	466,200						
	457,632	4,956,840	466,200	1,940,274	1,955,621	39.14	39.51	0.37	
1947									
January.....	466,200	71,568	105,000	28,933	175,032	40.43	40.44	0.01	
February.....	105,000	1,288	67,312	525	15,765	40.83	40.45	-0.38	
March.....	67,312	123,704	-71,176	50,027	48,510	40.44	40.47	0.03	
April.....	71,176	189,000	-25,368	75,113	95,804	39.74	40.80	1.06	
May.....	25,368	951,216	704,536	460,315	133,991	48.39	49.25	0.86	
June.....	704,536	1,268,904	1,226,064	626,555	377,771	49.37	50.54	1.17	
July.....	1,226,064	1,078,560	1,408,848	532,366	452,084	49.35	50.46	1.11	
August.....	1,408,848	780,976	1,435,392	407,271	415,829	52.14	53.11	2.97	
September.....	1,435,392	658,952	1,350,608	385,800	444,773	58.54	59.80	1.26	
October.....	1,350,608	743,568	1,172,976	422,937	525,822	56.83	57.08	0.20	
November.....	1,172,976	180,936	788,368	104,650	337,226	57.83	59.62	1.79	
December.....	788,368	229,712	603,232	151,363	275,689	65.89	66.45	0.56	
Loss in weight in trading.....	603,232	3,976	599,256						
	466,200	6,278,384	599,256	3,245,855	3,298,296	51.70	52.98	1.28	
1948									
January.....	599,256	206,584	350,336	139,473	309,227	67.51	67.88	0.37	
February.....	350,336	254,408	198,016	165,755	273,458	65.15	67.23	2.08	
	599,256	460,992	198,016	305,228	582,685	66.21	67.58		

Statement 5.

THE A. A. AYER COMPANY LIMITED

(690 St. Paul Street, West, Montreal, Que.)

QUANTITIES AND VALUE OF BUTTER—By MONTHS

	Quantities of butter—Lbs.					Dollar value		Average per lb.		
	On hand at beginning of month	Purchases during month	Sales during month	On hand at end of month	Purchases during month	\$	\$	Cost of purchases	Selling price	Margin between cost and selling price
								cts.	cts.	cts.
1943										
Month—	107,408	76,720	140,672	43,456	26,927		42,568	35.09	34.79	0.30
January.....	43,456	164,248	8,232	8,232	57,612		92,013	35.07	35.33	0.26
February.....	8,232	439,992	387,744	60,480	150,444		136,107	35.10	35.10	0.91
March.....	60,480	475,496	512,400	23,576	163,660		179,174	34.41	34.96	0.55
April.....	23,576	934,416	717,304	240,688	313,427		243,786	33.54	33.98	0.44
May.....	240,688	1,072,176	448,280	864,584	331,609		149,544	32.79	33.35	0.56
June.....	864,584	327,264	327,264	2,096,200	514,607		109,181	32.35	33.36	0.01
July.....	2,097,200	1,050,504	693,560	2,454,144	346,019		219,555	32.93	31.65	-1.28
August.....	2,454,144	686,840	554,736	2,586,248	230,414		188,915	33.54	34.05	0.51
September.....	2,586,248	164,080	757,176	1,993,152	55,356		257,049	33.73	33.94	0.21
October.....	1,993,152	37,912	902,384	1,128,680	13,104		315,977	34.56	35.01	0.45
November.....	1,128,680		624,232	504,448			218,851		35.05	
December.....										
	107,408	6,662,264	6,265,224	504,448	2,223,179		2,152,720	33.36	34.35	0.99
1944										
January.....	504,448	34,160	413,504	125,104	11,400		147,120	33.37	35.57	2.20
February.....	125,104	362,768	428,288	59,584	126,390		150,717	34.84	35.19	0.35
March.....	59,584	403,200	433,720	29,064	140,235		153,987	34.78	35.50	0.72
April.....	29,064	404,208	385,672	47,600	138,194		133,287	34.18	34.55	0.37
May.....	47,600	316,176	313,432	50,344	105,601		107,082	33.40	34.16	0.76
June.....	50,344	907,816	469,000	489,160	299,959		158,679	33.04	33.83	0.79
July.....	489,160	989,184	718,536	759,808	330,497		241,185	33.41	33.56	0.15
August.....	759,808	1,150,016	609,168	1,300,656	393,041		210,119	34.17	34.49	0.32
September.....	1,300,656	455,336	861,112	894,880	158,329		301,197	34.81	34.97	0.16
October.....	894,880	285,992	525,952	654,920	100,780		195,465	35.24	37.16	1.92
November.....	654,920	85,416	397,768	442,568	62,670		140,531	33.80	35.32	1.52
December.....	442,568	86,912	411,208	118,272	30,770		143,793	35.40	34.97	-0.43
	504,448	5,531,184	5,967,360	118,272	1,896,066		2,083,162	34.01	34.91	0.90

[illegible]

Mr. MONET: Now, Mr. Waters or Mr. Cregan—either one of you gentlemen may answer the questions even though they are addressed to Mr. Waters—I would like to refer you to page 2, of exhibit 88. This is a statement of the profit or loss on your butter trading department for the fiscal year ending the 28th of February. That would be your fiscal year 1947; for the year 1947, which would end on the 28th of February, 1947, as you have already explained. Is that right?

Mr. WATERS: Yes, sir.

Mr. MONET: And then for the eleven months ending the 31st of March; that would be the eleven months of your current fiscal year which will not end until April 30?

Mr. WATERS: Yes, sir.

Mr. MONET: You have already explained that your fiscal year was changed last year?

Mr. WATERS: Yes.

Mr. MONET: Now, Mr. Waters, is it correct to state that before deducting administrative and selling expenses the profit for the eleven months ended March 31, 1948, was \$260,847?

Mr. WATERS: Correct.

Mr. MONET: And that would be on how many pounds of butter?

Mr. WATERS: About six and a half million pounds.

Mr. MONET: And that would be the amount sold during these eleven months?

Mr. CREGAN: Yes, sir.

Mr. MONET: I also see from this statement that the largest profit, always before deducting administrative and selling expense, the largest profit made by your company from 1939, to the present date, except for the last eleven months, was in 1941, \$83,922?

Mr. WATERS: Correct.

Mr. MONET: Now, coming to your administrative and selling expenses, you have already told the committee that you also handle cheese. You have listed there for the current fiscal year, as of March 31, 1948, \$53,907. Would you tell the committee how you arrived at that figure?

Mr. WATERS: You mean as to the split between them?

Mr. MONET: Yes, between the butter and the cheese.

Mr. WATERS: We do not do it on a percentage basis. We split salaries on the basis of the work performed. Other expenditures would be divided pro rata. Items like storage, insurance, interest—they would be allocated proportionately.

Mr. JOHNSTON: How much of this administrative and selling expense would be allocated to directors' fees?

Mr. WATERS: We have no directors' fees?

Mr. JOHNSTON: I notice in your administrative and selling expense at the bottom of the page that you have included that.

Mr. WATERS: Well, that is just a broad statement. Actually our directors' fees amount to I think it is \$240 a year, and that is for one director who is not active.

Mr. JOHNSTON: Just one director?

Mr. WATERS: Who is not active. The rest of us carry on both operations and there are no other directors' fees. We do not draw directors' fees.

Mr. JOHNSTON: Then this column headed "Administration and Selling expense" does not include that?

Mr. WATERS: Yes, it does include that; but the item is so small, it is only \$240 a year.

Mr. MONET: Now, Mr. Waters, I would like you to explain to the members of the committee why there is such a large difference in this administration and selling expense between this current fiscal year and the previous fiscal year, 1947, where you indicate that amount as being \$29,822. There seems to be a very substantial margin there.

Mr. WATERS: There is a large increase in insurance and interest.

Mr. MONET: It was on what?

Mr. WATERS: On money borrowed to carry on the butter operations.

Mr. JOHNSTON: What rate of interest do you pay on that?

Mr. WATERS: $4\frac{1}{2}$ per cent.

Mr. MONET: What did you pay in 1947?

Mr. WATERS: You want the amount of interest we paid?

Mr. MONET: Yes.

Mr. WATERS: \$19,500.

Mr. MONET: You paid that in interest, is that your interest for the present year.

Mr. WATERS: Yes.

Mr. JOHNSTON: How much was that?

Mr. WATERS: \$19,500.

Mr. MONET: But my question was about interest. You said that you paid 5 per cent interest this year?

Mr. WATERS: Yes.

Mr. MONET: My question is, what did you pay in 1947; what was the rate of interest which you paid in 1947?

Mr. WATERS: Pardon me, I was answering Mr. Johnston's question. 5 per cent.

Mr. MONET: For 1947, also?

Mr. WATERS: Yes.

Mr. LESAGE: As a matter of fact you did not—

Mr. WATERS: You see, we have to borrow money from the bank to carry on our operations.

Mr. JOHNSTON: What security would the bank require for such a loan?

Mr. WATERS: It is under section 88, of the Bank Act.

Mr. JOHNSTON: I understand though that if Dominion of Canada bonds are put up as security against the loan the rate is lower. Would that have any effect in the case of your company?

Mr. WATERS: I would not know that. We work under section 88.

Mr. MONET: Mr. Waters, I would like you to explain this for us, this very substantial difference between your administrative and selling expense in 1947 and the current fiscal year. You say that the difference was only in interest payments?

Mr. WATERS: Largely interest, and insurance.

Mr. LESAGE: You gave us the figure of \$19,500, for interest in 1947; what was it for the eleven months of 1948?

Mr. WATERS: I am afraid I misunderstood. You are asking I think for the interest in 1947.

Mr. JOHNSTON: I understood that is what you were quoting.

Mr. WATERS: I see now that I may have been slightly in error in the answer I gave, possibly because I misunderstood. Our fiscal year ends in 1948, but as regards the actual trading season, it is over in 1947.

Mr. LESAGE: Therefore the \$19,500, is for your fiscal year ending in 1948?

Mr. WATERS: That is right.

Mr. LESAGE: What was the figure for the fiscal year ending in 1947?

Mr. IRVINE: While he is looking that up might I ask this other gentleman if he has a breakdown of this \$19,500, administration figure?

Mr. WATERS: I have not figured that, Mr. Lesage, not the actual figure, but in our fiscal year ended in 1948, our interest charges were up \$11,500, from the previous year.

Mr. LESAGE: For butter purchases?

Mr. WATERS: For the butter department.

Mr. LESAGE: It must have increased then. You did not handle twice as much butter in the year ending 1948?

Mr. WATERS: Yes, and the price was very much higher.

Mr. LESAGE: All right, thank you. That is the information I wanted.

Mr. PINARD: Would you give us the comparative figures for 1947?

Mr. WATERS: Insurance cost us in 1948, the fiscal year, or the eleven months of it—that is all the figures we have—is up \$4,300.

Mr. PINARD: And how would you account for that?

Mr. WATERS: Our stocks of butter are up, and also by reason of the higher values.

Mr. LESAGE: That was 15,000?

Mr. WATERS: That is 15,000, yes. And the increased business.

Mr. LESAGE: I see, the business increased in volume and your costs increased. Yes. I think we are satisfied.

Mr. THATCHER: On this statement No. 2, is the last column, "Net departmental profit" on butter alone?

Mr. WATERS: Yes, that is the butter statement.

Mr. THATCHER: In other words for 9 years, that is from 1939 to 1947, your total profit was approximately \$10,000—that is when you take the years of loss and the years of gain—approximately \$10,000; or an average over the 9 years of approximately \$1,100. That would be your average, a profit of \$1,100, in that department. Then in 1948, your profit was \$169,877, or 15 times greater profit than your average profit in the other case. Is that right?

Mr. WATERS: Yes sir.

Mr. PINARD: And that has been the case in respect to practically every butter operator?

Mr. WATERS: Yes.

Mr. THATCHER: I would say that you made an increased profit due to the fact that the ceilings were taken off and that you were able to buy your supplies of butter and hold it and take the increase.

Mr. WATERS: That is nonsense.

Mr. THATCHER: What is nonsense?

Mr. WATERS: To suggest that we were doing that because the ceiling came off.

Mr. THATCHER: If the ceiling had stayed on that would not have happened. Most of this profit came from storage butter, did it not; the butter you stored at a low price and then after the price went up you were able to take a profit.

Isn't that correct? In other words, the fact that the ceilings came off allowed you to make 150 times more profit than you made in any one of the preceding years.

Mr. WATERS: That is academic or hypothetical.

Mr. THATCHER: It is not hypothetical. It is printed here on your statement.

Mr. LESAGE: I think that is a question of opinion.

Mr. THATCHER: Mr. Lesage, may I ask you—

Mr. WATERS: That is what I mean by saying it was academic.

Mr. LESAGE: And this witness is talking about facts.

Mr. THATCHER: I am basing these figures on the witness' own statement, which shows very clearly the profit his company has made during the eleven months of their most recent fiscal year. Once the ceilings came off we see the profits are greater; and now, with the acute shortage, I suppose it might be even more.

Mr. WATERS: No sir, it cannot be greater, because our butter is practically all sold.

Mr. THATCHER: But in that one year your company made a profit 150 times greater than in the 9 preceding years, and you could not have made this profit had ceilings remained on in June.

Mr. WINTERS: On that assumption you would have had no butter, would you?

Mr. THATCHER: Could I get an answer to that?

Mr. WATERS: Again it is an opinion, but I would certainly not think so.

Mr. THATCHER: Would you answer my question?

Mr. LESAGE: What ceiling?

Mr. THATCHER: The butter ceilings were taken off.

Mr. LESAGE: When?

Mr. THATCHER: Some time in June, and the price went up gradually 11 or 12 cents a pound. My question is if those ceilings had remained on your company could not possibly have shown a profit like this? Is that not correct?

Mr. LESAGE: The farmers in my riding would not have produced butter. That is the answer to your question.

Mr. PINARD: There would have been no butter at all.

Mr. WINTERS: No butter to store.

Mr. THATCHER: Is that not correct? I am not trying to put you on the spot.

Mr. WATERS: I know you are not. I know you are seeking information, but again that is hypothetical. It would depend on what spread the government gave us in their regulations. If the government gave us a big enough spread you could make money.

Mr. THATCHER: Let me put it this way. The fact that the ceilings did come off allowed you to make this abnormal profit?

Mr. PINARD: Is it not a fact you simply took advantage of the market as everybody else did?

The ACTING CHAIRMAN: I think the witness will be able to answer the question. If he cannot answer it he can say so.

Mr. WATERS: I do not think it is a question of taking advantage of the market.

Mr. THATCHER: Perhaps I did not word it right.

Mr. WATERS: If he goes in the market to buy he buys at the market price, and when he is in the market to sell butter he sells at the market price. Whether that is taking advantage of the market I do not know.

Mr. THATCHER: Let me put it this way. As to this \$169,877 for eleven months of last year the main portion of that profit came from storage butter? Would you agree to that? That is pretty obvious. If it did not come from there where did it come from?

Mr. WATERS: It came from the advance in the butter market.

Mr. THATCHER: That is the point I wanted.

Mr. WATERS: Certainly, obviously.

Mr. MONET: Mr. Waters, the line of questioning Mr. Thatcher has been following is exactly the line of questioning I was going to pursue so I will refrain from asking any more questions on that point. However, inasmuch as the question was put to you would you tell the members of the committee what, in your opinion, were the main factors for the increase in prices from July 1, 1947, up to the time the ceiling was reimposed? You have been in the butter business for many years?

Mr. WATERS: Yes, in the dairy business, 40 years.

Mr. MONET: I wish you would—

Mr. WATERS: The short answer to your question is that the demand was ahead of supply.

Mr. MONET: Would that be the only reason in your opinion?

Mr. WATERS: Inevitably under the system of economics if the demand is ahead of supply prices advance.

Mr. THATCHER: Unless ceilings stay on?

Mr. WATERS: Well now, that is hypothetical.

The ACTING CHAIRMAN: Then there is no supply.

Mr. WATERS: Exactly.

Mr. MONET: I was going to ask what would have happened if the ceiling had remained, in your opinion?

Mr. WATERS: I think one of the members suggested there would be no butter.

Mr. MONET: I think for the purposes of the record your answer would be more appropriate. What would be your answer?

Mr. WATERS: My opinion—

Mr. THATCHER: That there would be no butter?

Mr. WATERS: Figuratively speaking very much less.

Mr. IRVINE: That is hypothetical?

Mr. WATERS: Yes. If the committee wants my opinion I would say in answer to your question—

The ACTING CHAIRMAN: I should like you to give your opinion.

Mr. WATERS: I would say there would have been very much less butter.

Mr. LESAGE: That is what happens under a socialist state, lower production.

Mr. IRVINE: The cows always know that the market is changing and stop milking.

Mr. THATCHER: If Mr. Lesage is going to start along that line maybe I should start. Would the witness like to say whether he thinks—

The ACTING CHAIRMAN: I think Mr. Monet had better finish his questions first.

Mr. MONET: Mr. Chairman, I think I have finished with the witness because the windfall profit I wanted to bring out has been substantially brought out in another form, in another way by Mr. Thatcher.

Mr. LESAGE: Has the witness said what was his profit per pound on storage butter?

Mr. MONET: Can you tell us that?

Mr. WATERS: Under our accounting system we do not separate storage butter from any other butter. Butter is butter to us.

Mr. LESAGE: Would you believe that it would be about the same as the packing companies, that it would be around 11 cents a pound, the gross margin, not the net profit?

Mr. WATERS: Remember, Mr. Lesage, when they are referring to that 11 cents they have segregated storage butter.

Mr. LESAGE: Oh, yes.

Mr. WATERS: You take our figures for the year on all the butter we handled and our net profit was 2.675 cents per pound.

Mr. PINARD: Where do you find that?

Mr. WATERS: In the statement. Take the 6,500,000 pounds of butter and divide it and our net profit was 2.675 cents a pound.

Mr. LESAGE: I will agree with that, but you could not tell me because you do not segregate storage butter in your books?

Mr. WATERS: No, we do not segregate storage butter. It is all butter to us.

Mr. LESAGE: Is it your belief that it would be about the same as the others?

Mr. WATERS: I should think so. Mr. Cregan's operation would be the same as the others. He is buying and selling butter every day.

Mr. LESAGE: The buying was done about the same time and the selling about the same time. I am asking for the figure per pound. It would be around 11 cents?

Mr. WATERS: I would say the figure, if it was segregated, would be around the same figure.

Mr. MONET: Previous witnesses who segregated their operations in butter said they made an abnormal and unusual profit on the storage butter. It varies between and 8 and 11½ cents.

Mr. WATERS: Yes.

Mr. MONET: Would you be ready to say that if you had made a segregation your profit would have been about the same?

Mr. WATERS: Yes, I answered that question for Mr. Lesage by agreeing.

Mr. MONET: That would be an unusual profit?

Mr. WATERS: It is an unusual profit, yes, sir.

Mr. MONET: This \$169,877 mentioned in your statement No. 2 as net departmental profit before taxes on income would include this abnormal profit made on the storage butter?

Mr. WATERS: Yes, sir.

Mr. MONET: This amount would largely be made up of the profit on storage butter?

Mr. WATERS: Yes, sir.

Mr. LESAGE: May I go on? You handled much more butter for the last eleven months than you did in the previous year? Is that correct?

Mr. WATERS: In dollar value or in pounds?

Mr. LESAGE: Let us say in pounds.

Mr. MONET: You have that on statement No. 4.

Mr. WATERS: Mr. Cregan will give us the figures on that. That is under his department.

Mr. PINARD: It does not appear in pounds on the statement, does it?

Mr. MONET: Yes, page 4, the second column.

Mr. LESAGE: That is the calendar year.

Mr. MONET: That is the calendar year.

Mr. LESAGE: I would like to have the figures on statement 2 in pounds. How many pounds did you sell in the fiscal year ending in 1947 and in the fiscal year ending in March, 1948?

Mr. CREGAN: For the eleven months it was 6,350,000 pounds.

Mr. LESAGE: Six and a half million pounds.

Mr. CREGAN: I do not think it is totalled for the other year, but I think there was about a million pounds increase in the last year.

Mr. LESAGE: A million pounds increase?

Mr. CREGAN: Increase over the previous year.

Mr. LESAGE: Anyway, it would be below the figure of 1942 from what I can see here, would it not?

Mr. CREGAN: It would be below 1943. 1943 was the record production year.

Mr. LESAGE: Anyway, the fact you bought a million pounds more and sold a million pounds more is due to the—

Mr. CREGAN: Increased demand.

Mr. LESAGE: Increased production and increased demand?

Mr. CREGAN: Yes, sir. I think it was a million pounds more we handled and we cut prints approximately a million pounds more in a year.

Mr. LESAGE: But it was a normal year?

Mr. CREGAN: Oh yes.

The ACTING CHAIRMAN: May I ask a question of Mr. Waters? After all you figure your profit over a period of years, not for one year. We see here where you made a profit of \$169,877. What was your profit over a period of ten years?

Mr. WATERS: You have the figures since 1939.

The ACTING CHAIRMAN: I see that. Did you ever average out what you made over that long period?

Mr. WATERS: The average is something like \$10,000 a year.

Mr. THATCHER: It is only \$1,100 if you do not take the last year, this abnormal year. It would hardly be fair to take that in.

The ACTING CHAIRMAN: Oh yes, in farming or in any other operation you will have a good year in ten.

Mr. THATCHER: I understand that, but would it not be more fair to take 1938? This was an abnormal profit from storage butter. A fair average would be 1938 to 1947.

The ACTING CHAIRMAN: I think not. I would take the good year along with all the bad ones.

Mr. THATCHER: I agree with you except this good year was not a good year except for the abnormal circumstances of the price ceiling being taken off.

The ACTING CHAIRMAN: I would not say that. I will admit this was an abnormal year, but you have got to put that in with the bad years and make it ten years. What I was trying to get at was how much they made over the ten year period. It looks to me they just had one good year in ten.

Mr. WATERS: May I say the butter business is highly competitive, and I might almost use the word cut throat. It is the history of the business over all the years that you have good years, fair years, bad years, and occasionally a good year that keeps your courage up and keeps you in business always hoping for the good year. If you look at these figures we have given over the years you will see they are very unsatisfactory.

The ACTING CHAIRMAN: I think it is the same in all business.

Mr. WATERS: It may be the same in all business.

Mr. PINARD: In cheese it is not the same thing at all?

Mr. WATERS: Cheese is pretty tough.

Mr. THATCHER: I have a couple more questions. May I go ahead, Mr. Lesage?

Mr. LESAGE: If you ask me I have my doubts.

Mr. THATCHER: The witness stated he had been in the butter business for 40 years.

Mr. WATERS: In the dairy business.

Mr. THATCHER: Handling butter, I suppose?

Mr. WATERS: Butter and cheese and milking cows and making cheese.

Mr. THATCHER: You should be quite qualified to know all that there is to know about butter, I suppose?

Mr. WATERS: If I fall down I will ask Mr. Cregan to answer.

Mr. THATCHER: You stated a while ago there is a very acute shortage at the present time.

Mr. WATERS: Mr. Cregan will answer that.

Mr. CREGAN: Yes, there is an acute shortage.

Mr. THATCHER: Would you have favoured the continuance of butter rationing in order to get around that shortage? Would that have helped your company at all? Would it have helped the consumer, in your opinion as a creamery man?

Mr. CREGAN: Looking back now I think it would have, but at the time butter rationing was taken off everybody was clamouring for the controls to be taken off, even the consumer.

Mr. THATCHER: That is a fair answer. What do you think about butter rationing in the future? In view of the circumstances do you think it would be advisable to restore butter rationing?

Mr. CREGAN: In the middle of summer it all depends on the production trend. If the trend is a little bit up I do not think it will be necessary but if the trend is still down it probably will be necessary or import some butter.

Mr. THATCHER: Ordinarily larger supplies of butter on the market would send the price down?

Mr. LESAGE: What?

Mr. THATCHER: Put the price down.

Mr. CREGAN: Oh yes.

Mr. THATCHER: In other words, if we had larger supplies of butter on hand or if we should get them from New Zealand the price would probably drop?

Mr. CREGAN: It would affect the market.

Mr. THATCHER: What would you say about margarine? How would that affect the butter market? Would it affect it in the same way?

Mr. CREGAN: There are a lot of people would like to have some margarine now to tide them over this period, but I think for the long pull it would be very injurious to the dairy industry.

Mr. THATCHER: That was not my question. My question was how it would affect the price of butter?

Mr. PINARD: A very good answer.

Mr. CREGAN: It would—

Mr. THATCHER: Would it not tend to put the price down?

Mr. CREGAN: It would probably put the price down, and then you probably would have lower production of butter as well.

Mr. THATCHER: But the answer to my question is it would probably put the price down.

Mr. CREGAN: Yes.

Mr. PINARD: Is that what happened in the United States? It did not bring the price of butter down in the United States.

Mr. CREGAN: No, it did not. It has not brought the price down.

Mr. LESAGE: I does not necessarily.

Mr. CREGAN: Not necessarily.

Mr. THATCHER: The witness said it would bring the price down.

Mr. CREGAN: Temporarily.

Mr. THATCHER: I am satisfied.

Mr. PINARD: Would you complete your answer and say whether you think it would have the same effect as in the United States where prices were not brought down by the introduction of margarine on the market?

Mr. CREGAN: I would say it might have a temporary effect, but they have been using margarine in the United States for years and years, and as far as I can make out the consumption of butter this past year in Canada was more than the combined consumption of butter and margarine in the United States, and the price of butter in the United States is very much higher than it is in Canada and has been all year, and they cannot get enough to supply the demand.

The ACTING CHAIRMAN: Any more questions?

Mr. IRVINE: I should like to ask one or two. Would either of the witnesses say if they know how many pounds of butter were produced in Canada for the last year, the last year of your figures?

Mr. CREGAN: 1947?

Mr. IRVINE: Yes.

Mr. WATERS: That figure is on the record.

Mr. LESAGE: Exhibit 52.

Mr. IRVINE: 290,000,000 pounds.

Mr. WATERS: That is creamery butter.

Mr. LESAGE: 340,000,000 pounds of creamery and dairy butter.

Mr. IRVINE: How does that compare with 1946?

Mr. CREGAN: I think it has increased. Creamery butter increased approximately 20,000,000 pounds.

Mr. IRVINE: In 1947?

Mr. CREGAN: In 1947.

Mr. IRVINE: Very well. You would not say anybody in Canada suffered very greatly for lack of butter in 1946 when we had many million pounds less butter than we had in 1947, would you?

Mr. CREGAN: No, I do not think anybody suffered.

Mr. LESAGE: It was rationed.

Mr. IRVINE: Do you not think there must have been some mishandling or some mismanagement somewhere when in 1947 with a much greater supply of butter we have such an uproar about there being too little now? What is the trouble?

Mr. CREGAN: Well, the butter has disappeared. The butter has been consumed. People have been eating more butter.

Mr. LESAGE: Increased consumption.

Mr. CREGAN: Increased consumption.

Mr. MERRITT: There was rationing in 1946.

Mr. IRVINE: There was rationing in 1946. That is my point.

Mr. WATERS: People are enjoying freedom from rationing.

Mr. IRVINE: It is great enjoyment.

The ACTING CHAIRMAN: Over a period of a long number of years there has always been a shortage of butter at this time of year? Am I right?

Mr. IRVINE: For the very same reason that you have it now, because those who could buy too much did so and those who were not able to buy could not get it.

The ACTING CHAIRMAN: I do not think that is right.

Mr. IRVINE: There was no proper distribution.

Mr. LESAGE: There was as much increase in consumption in the lower classes as in the higher classes.

Mr. PINARD: With the price increase consumption increased just the same, which proves the contrary.

Mr. IRVINE: My point still stands, that there was no very great hardship suffered by the people of Canada for lack of butter in 1946.

Mr. LESAGE: That is a question of opinion.

Mr. IRVINE: It is not a question of opinion. It is a question of fact.

Mr. LESAGE: Why did the people want to get rid of the coupons?

Mr. PINARD: I think the witnesses are not here—

Mr. IRVINE: In 1947 with very much more butter there is great hardship.

The ACTING CHAIRMAN: I think there is no use going on. We could argue this till doomsday.

Mr. IRVINE: There is no argument. These are facts.

The ACTING CHAIRMAN: They may be in your mind but not in the minds of some of the rest of us.

Mr. IRVINE: They are facts furnished by the Bureau of Statistics of this nation.

Mr. PINARD: To which you give your own interpretation.

The ACTING CHAIRMAN: You are making a statement of fact. I am making a statement of fact that if the ceilings and all controls were taken off butter right now you would get all the butter you wanted. The producer and farmer would get out and produce butter at the expense of something else.

Mr. IRVINE: Why do you not do it?

Mr. THATCHER: Would the price not be too high?

The ACTING CHAIRMAN: There does not seem to be any trouble about price. You never hear anybody kick about the price.

Mr. IRVINE: It is prices we are investigating.

The ACTING CHAIRMAN: I know that.

Mr. IRVINE: Is that not a kick?

The ACTING CHAIRMAN: They do not complain about that. The consumer complaint is that they cannot get it. They are not kicking about the price.

Mr. IRVINE: Then we are wasting our time. Why do we not talk about how to get more butter instead of finding out why the price went up?

The ACTING CHAIRMAN: We did bring that out in the first two or three weeks.

Mr. THATCHER: I suggest we have the next witness.

The ACTING CHAIRMAN: Very well, we are finished.

Mr. MONET: Just one more question; in answer to my letter, following a request of the members of the committee, you sent the committee a list containing the names of your customers; the number of pounds of butter stored for each of them; the date of the receipt of the butter; the date of delivery, covering every pound of butter you handled during 1946-47. You have also answered a question asked by me as to whether or not, in your opinion, those people for whom you were storing butter were in the butter business. You have answered that, to the best of your information and belief, they were all in the butter business; is that correct?

Mr. WATERS: Yes, sir.

Mr. MONET: I have no more questions.

I will call Mr. Edwards. Mr. Chairman, while the witness is being sworn, I wish to say that Mr. Edwards called me last week and told me that he was sick, suffering from a heart attack. This was verified by someone from his office. Mr. Edwards has been here since Monday and, yesterday, he suffered a heart attack. For that reason, my questioning of Mr. Edwards will be very short.

The ACTING CHAIRMAN: The answer to this questionnaire will be exhibit 89.

Mr. MONET: It is the statement prepared by Mr. Edwards.

EXHIBIT No. 89: Statement of J. C. Edwards and Company, Montreal, re butter.

Exhibit 89.

J. C. EDWARDS & COMPANY, MONTREAL, QUE.

PROFIT AND LOSS STATEMENT ON BUTTER OPERATIONS

	Year ended Dec. 31, 1946		Year ended Dec. 31, 1947		Two months ended Feb. 29, 1948	
	Amount	Per lb.	Amount	Per lb.	Amount	Per lb.
	lbs.		lbs.		lbs.	
Sales.....	1,076,262		1,207,755		334,444	
	\$ cts.	cts.	\$ cts.	cts.	\$ cts.	cts.
Sales.....	432,121 91	40·2	669,105 75	55·4	227,671 06	68·1
Cost of sales—						
Inventory—beginning of period.....	2,141 19		4,349 77		169,627 73	
Purchases.....	422,075 60		811,643 37		25,714 09	
	424,216 79		815,998 14		195,341 82	
Inventory—End of period.....	4,349 77		169,627 73		37 94	
	419,867 02	39·0	646,370 41	53·5	195,303 88	58·4
Gross margin.....	12,254 89	1·2	22,735 34	1·9	32,367 18	9·7
Carrying and direct charges—						
Storage charges.....	3,845 77		4,232 15			
Interest.....	352 36		1,832 99			
Weighing.....	135 22		189 98			
Cartage.....	167 22		112 04			
Commodity exchange dues and fees....	107 25		60 00			
Brokerage.....	118 12					
Commissions.....	116 48		365 00			
Freight charges.....	1,831 46		3,259 60			
Sundries.....	7 71		48 70			
	6,681 59	0·6	10,100 46	0·8	*1,683 00	0·5
Profit before administrative expenses and taxes.....	5,573 30	0·6	12,634 88	1·1	30,684 18	9·2
Portion of administrative expenses ap- plicable to butter operations.....	2,750 70	0·3	3,976 50	0·4	1,453 54	0·4
Profit before taxes on income.....	2,882 60	0·3	8,658 38	0·7	29,230 64	8·8

* Estimated.

J. C. EDWARDS & COMPANY

MONTHLY PROFIT AND LOSS ON BUTTER OPERATIONS

	Sales	Cost of sales	Gross profit	Direct charges	Profit before administration expenses	Administration expenses	Net profit or loss
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
1946							
Month—							
January.....	3,304 48	2,764 46	540 02	155 67	384 35	181 22	203 13
February.....	456 91	263 06	193 85	114 06	79 79	129 25	* 49 46
March.....	790 70	689 96	100 74	84 52	16 22	196 00	* 179 78
April.....	9,788 39	9,473 65	314 74	98 01	216 73	185 40	31 33
May.....	24,610 67	23,454 16	1,156 51	526 89	629 62	247 18	382 44
June.....	54,495 57	53,985 72	509 85	424 03	85 82	336 24	* 250 42
July.....	114,219 09	111,040 66	3,178 43	441 73	2,736 70	244 94	2,491 76
August.....	44,148 93	42,663 14	1,485 79	1,055 12	430 67	281 40	149 27
September.....	106,590 65	103,306 69	3,283 96	1,666 61	1,617 35	208 70	1,408 65
October.....	50,388 41	49,549 62	838 79	634 38	204 41	293 70	* 89 29
November.....	16,371 59	15,862 98	508 61	223 78	284 83	236 00	48 83
December.....	6,956 52	6,812 92	143 60	1,256 79	*1,113 19	210 67	*1,323 86
	432,121 91	419,867 02	12,254 89	6,681 59	5,573 30	2,750 70	2,822 60
1947							
January.....	5,511 24	5,402 25	108 99	259 36	* 150 37	242 20	* 392 57
February.....	5,283 23	5,247 02	36 21	63 12	* 26 91	252 30	* 279 21
March.....	2,562 84	2,541 78	21 06	48 58	* 27 52	168 60	* 196 12
April.....	24,819 27	23,332 39	1,486 88	338 87	1,148 01	248 50	899 51
May.....	45,816 81	45,700 19	116 62	351 13	* 234 51	238 00	* 472 51
June.....	82,954 03	79,915 37	3,038 66	1,585 87	1,452 79	467 90	984 89
July.....	102,367 59	96,963 07	5,404 52	356 23	5,048 29	489 15	4,559 14
August.....	43,175 97	42,627 06	548 91	275 06	273 85	385 85	* 112 00
September.....	75,198 50	70,266 47	4,932 03	1,452 65	3,479 38	368 00	3,111 38
October.....	69,738 63	66,379 56	3,359 07	1,271 41	2,087 66	363 00	1,724 66
November.....	127,174 12	121,469 94	5,704 18	1,810 11	3,894 07	343 00	3,551 07
December.....	84,503 52	86,525 31	* 2,021 79	2,288 07	*4,309 86	410 00	*4,719 86
	669,105 75	646,370 41	22,735 34	10,100 46	12,634 88	3,976 50	8,658 38
1948							
January.....	225,808 98	194,026 44	31,782 54	1,683 00	30,099 54	750 42	29,349 12
February.....	1,862 08	1,277 44	584 64	.....	584 64	703 12	* 118 48
	227,671 06	195,303 88	32,367 18	1,683 00	30,684 18	1,453 54	29,230 64

* Loss.

PRICES

1877

Quantities of butter—Lbs.				(Dollar value (omit cents))			Average per lb.		
On hand at beginning of month	Purchases during month	Sales during month	On hand at end of month	Purchases and production during month	Sales during month	Cost of purchases and production	Selling price	Margin between purchase cost and selling price	
				\$ cts.	\$ cts.	cts.	cts.	cts.	
1946									
Month—									
January.....	1,792	8,064	NIL	2,770 49	2,943 36	34.35	36.50	2.14	
February.....	724	724	NIL	263 96	269 26	36.46	37.22	0.76	
March.....	2,227	1,977	NIL 250	693 03	723 56	35.06	36.60	1.54	
April.....	23,912	24,162	NIL	9,556 28	9,788 39	39.55	40.51	0.96	
May.....	91,031	61,887	29,144	23,700 20	23,950 67	38.70	38.70	0.40	
June.....	193,267	143,951	78,460	54,287 10	55,076 82	37.71	38.26	0.55	
July.....	251,515	286,361	43,614	111,270 98	113,358 94	38.86	39.55	0.69	
August.....	191,018	109,862	124,770	42,852 87	43,342 21	39.01	39.45	0.44	
September.....	180,847	259,921	45,696	103,497 48	104,924 89	39.82	40.37	0.55	
October.....	97,778	122,401	21,073	49,644 82	49,468 75	40.56	40.50	*0.14	
November.....	37,111	39,928	18,256	15,853 96	16,170 84	39.71	40.50	0.79	
December.....	9,688	17,024	10,920	6,828 12	6,895 67	40.11	40.50	0.39	
	1,080,910	1,076,262	10,920	421,219 29	426,913 36	39.14	39.67	0.53	
1947									
January.....	6,160	13,608	3,472	5,426 25	5,511 24	39.88	40.50	0.62	
February.....	10,019	13,045	NIL 446	5,265 30	5,283 23	40.29	40.50	0.21	
March.....	5,882	6,328	NIL	2,546 66	2,562 84	40.24	40.50	0.26	
April.....	73,698	61,814	11,794	23,553 78	24,765 35	38.11	40.06	1.95	
May.....	134,010	94,274	51,530	46,082 38	45,791 81	48.88	48.57	*0.31	
June.....	175,239	163,491	69,278	80,188 23	82,859 94	49.05	50.66	1.64	
July.....	219,545	201,011	81,812	97,209 04	101,822 55	48.36	50.66	2.30	
August.....	129,720	78,034	133,498	42,872 12	42,455 15	54.94	54.39	*0.55	
September.....	308,242	126,129	315,611	70,867 29	74,376 66	56.19	58.96	2.77	
October.....	238,788	117,472	436,927	67,128 13	68,707 91	57.15	58.49	1.34	
November.....	109,913	208,244	338,596	121,732 51	126,047 25	58.43	60.53	2.07	
December.....	79,557	124,505	293,848	86,507 32	83,383 15	69.59	67.08	*2.51	
	1,490,683	1,207,755	293,848	649,370 01	663,557 08	53.77	54.94	1.17	
1948									
January.....	38,692	332,484	56	194,024 67	224,913 24	58.36	67.64	9.28	
February.....	1,960	1,960	56	1,282 01	1,327 90	65.41	67.75	2.34	
Total for 14 months 1947 and 1948.....									
		1,542,199		844,679 63	889,798 22	54.77	57.70	2.93	

* Loss.

J. C. EDWARDS & COMPANY
(404 St. Henri St., Montreal, Quebec)

QUANTITIES AND VALUE OF BUTTER—BY MONTHS

	Quantities of butter—Lbs.				(Dollar value (omit cents))		Average per lb.		
	On hand at beginning of month	Purchases during month	Sales during month	On hand at end of month	Purchases and production during month	Sales during month	Cost of purchases and production	Selling price	Margin between purchase cost and selling price
1943 Month— January..... February..... March..... April..... May..... June..... July..... August..... September..... October..... November..... December.....					\$	\$	cts.	cts.	cts.
1944 January..... February..... March..... April..... May..... June..... July..... August..... September..... October..... November..... December.....	3,528	968,042	866,172	105,398	296,415	300,174	34.25	34.66	0.43
	105,398	1,439,006	1,442,038	102,366	499,683	508,373	34.65	35.26	0.61

**Joseph C. Edwards, of J. C. Edwards and Company, Montreal,
called and sworn:**

**N. Shoofey, Accountant, J. C. Edwards and Company, Montreal,
called and sworn:**

- Mr. MONET: What is your full name?
- Mr. EDWARDS: Joseph C. Edwards.
- Mr. MONET: And your address?
- Mr. EDWARDS: 404 St. Henri Street, Montreal.
- Mr. MONET: Your present occupation?
- Mr. EDWARDS: Merchant.
- Mr. MONET: You are conducting business under the name of J. C. Edwards and Company?
- Mr. EDWARDS: That is correct.
- Mr. MONET: And the main office of the firm is in Montreal?
- Mr. EDWARDS: Montreal.
- Mr. MONET: When was it established?
- Mr. EDWARDS: We registered and started business in 1927.
- Mr. MONET: You are doing business alone under that name?
- Mr. EDWARDS: Under that name.
- Mr. MONET: You have no partner?
- Mr. EDWARDS: No partner.
- Mr. MONET: It is a private concern?
- Mr. EDWARDS: Sole ownership.
- Mr. MONET: I understand you deal in butter and cheese, do you not?
- Mr. EDWARDS: That is correct.
- Mr. MONET: You do not manufacture any butter?
- Mr. EDWARDS: No, sir.
- Mr. MONET: All the butter in which you deal is purchased by you?
- Mr. EDWARDS: Yes.
- Mr. MONET: From whom do you purchase your butter?
- Mr. EDWARDS: I will just read this statement to you and it will cover all your points.
- I should like to point out that practically all our receipts of butter are sent to us direct by country creameries for which we make a settlement once a week. I may say for the information of the gentlemen of this committee that during the years 1947-1948 under review, we did not buy a single box of butter on the open market. This butter is disposed of to a regular clientele whom we will describe as jobbers, distributors and chain stores, who not only buy for their immediate requirements but also put aside a certain quantity of butter for storage purposes to be used during the non-producing season. I think that describes what you want to know.
- Mr. MONET: Exhibit 89 contains the answers to the questions which have been asked of you. On the first page of the statement you have shown the profit and loss position of your butter operations. I understand, Mr. Edwards, you could not supply the members of the committee with all the information required for the years 1939 to 1940. Would you tell the members of the committee why you could not supply that information?
- Mr. EDWARDS: We used to be located at 701 St. Paul Street. There was a fire in an adjoining building. The water seeped through into our basement, where we had our records, and they were destroyed.

Mr. MONET: Therefore, the only complete information you could supply concerned the years 1946, 1947 and the months of January and February, 1948?

Mr. EDWARDS: That is correct.

Mr. MONET: Now, coming back to the first page of that statement filed as exhibit 89, Mr. Edwards, I note that for the year 1946 the total number of pounds of butter sold amounted to 1,076,262?

Mr. EDWARDS: That is correct.

Mr. MONET: Now, coming down to the last figure of that column, the profit before taxes on income amounted to \$2,822.60?

Mr. EDWARDS: That is correct.

Mr. MONET: For the small average of 0.3 cent a pound?

Mr. EDWARDS: That is correct.

Mr. MONET: For the year 1947, your total dealings amounted to 1,207,755 pounds of butter, is that correct?

Mr. EDWARDS: That is correct, sir.

Mr. MONET: And your profit for that year, again before taxes on income amounted to \$8,658.38?

Mr. EDWARDS: Yes, sir.

Mr. MONET: Your profit per pound was 0.7 cent?

Mr. EDWARDS: That is correct.

Mr. MONET: Turning to the last column for the two months ended February 27, 1948, that is for January and February of this year?

Mr. EDWARDS: That is correct, sir.

Mr. MONET: You sold 334,444 pounds of butter?

Mr. EDWARDS: Yes, sir.

Mr. MONET: And that would be in January and February of 1948?

Mr. EDWARDS: Yes.

Mr. MONET: Your profit before taxes on income was \$29,230.64?

Mr. EDWARDS: Yes.

Mr. MONET: Your profit per pound was 8.8 cents?

Mr. EDWARDS: Yes.

Mr. THATCHER: May I interject a question before you leave that page?

Mr. MONET: Yes.

Mr. THATCHER: Is butter shorter, Mr. Edwards, this year than it was last year, so far as your business is concerned?

Mr. EDWARDS: No so far as we are concerned. We received more butter this year than last year.

Mr. THATCHER: Is it normal, then, at the end of the year to have a carry over, a small inventory?

Mr. EDWARDS: Certainly.

Mr. THATCHER: From this statement on page 1, if I am correct, for the year ending 1947, you had \$169,000 worth of butter as compared with only \$4.00 worth in December of last year, or approximately 40 times as much butter on hand as you had last year at the same time. Now, what would the reason be for that in view of the terrific shortage of butter?

Mr. EDWARDS: I can give you an explanation of that.

Mr. MONET: I was going to ask that question in another form. If you will refer to page 3 of that statement, the fourth column shows that you had on hand at the end of December, 1946, 10,920 pounds of butter?

Mr. EDWARDS: That is right.

Mr. MONET: And at the end of December, 1947, you had 293,848 pounds?

Mr. EDWARDS: Yes.

Mr. MONET: Now, I think Mr. Thatcher, this gives the information you were seeking.

Mr. THATCHER: Yes.

Mr. MONET: You referred to it in money and here it is in pounds. Would you give an explanation to the members of the committee for the very substantial difference in the amount of butter on hand at the end of December, 1946, at which time you had only 10,920 pounds, and on hand at the end of December, 1947 when you had 293,848 pounds?

Mr. EDWARDS: Would you give that?

Mr. MONET: Would you give us your name?

Mr. SHOOFY: Mr. Shoofey.

Mr. MONET: What is your first name?

Mr. SHOOFY: N.

Mr. MONET: Your address?

Mr. SHOOFY: 822 Lagauchetiere Street.

Mr. MONET: And your occupation?

Mr. SHOOFY: I am the accountant for the firm.

Mr. MONET: I should like you to give an explanation of it.

Mr. EDWARDS: Perhaps I can do so. I anticipated this question. The answer is that up to the first or second week of December we had been able to keep our receipts pretty well cleaned up. I think you will be able to see from the report that we actually had less butter on hand in August than in August of the previous year, showing we did not take advantage of the market when it was low to accumulate butter.

Mr. PINARD: In February of 1948, you only had one box of butter.

Mr. EDWARDS: If you look at 1946—

Mr. THATCHER: You had a little more—

Mr. EDWARDS: I just stated we had increased receipts. I think those figures will describe to you better than I can tell you in words that we were not hoarding butter when prices were low. We were getting rid of the butter from week to week as it came in. We are only a clearing house for the farmers, or trying to act that way, anyway. We just turn the butter over on a small commission. Up to the end of August we had only a small increase. We did not try to enlarge upon our operations, anyway, when butter was low.

Mr. THATCHER: I follow your reasoning and I am satisfied with it when I look at these figures.

Mr. EDWARDS: All right.

Mr. LESAGE: You are acting as a clearing house for the producers?

Mr. EDWARDS: We act as a clearing house. We get the confidence of a creamery. We give them a fair return. We give them the market price each week. As long as we give them the full price they will keep shipping to us. If we give them a lower price, they will not ship.

Mr. LESAGE: Your business is not the same as that of the previous witness?

Mr. EDWARDS: No, not quite the same. I think I had better continue with this statement and then you will get a better picture.

However, just at that time, the production of butter took a sudden jump—

we are referring now to the period around the middle of September—due to the

almost complete switch from the making of cheese to butter and the consequent higher return the farmer received. This, of course, brought about a substantial increase in our receipts.

Another point contributing to the increase in our stock was the fact that, about this time, a very old and large establishment dealing with butter and cheese by the name of Hodgson Rowsom Limited, a very large firm in Montreal decided to go out of business. Their Quebec country agent, a Mr. Nestor Proulx, who handles the output of several large creameries was automatically forced to link up with some other wholesaler to dispose of his goods. He approached us with a view to taking over his agency. This we did and made an arrangement to receive and pay for this additional butter each week. Somebody had to handle that butter.

Mr. PINARD: What was the name of this firm?

Mr. EDWARDS: Hodgson Rowsom. They are known from coast to coast as one of the biggest firms in the trade. They were taken over by Kraft and Kraft decided not to continue that part of the business.

After these events the market started to show unstability—that is, the switch from cheese to butter. There was more coming in and buying dried up. Whereupon, our clients, the people who take our butter from week to week and put some aside, too, decided that they would not make any new commitments. They decided to use up the stock they had put aside before making further purchases, since the market was high and dangerous. Thereafter, the market slumped from around 60 cents to roughly around 50.

Following the slump, due to press and radio publicity of impending government intervention and price control as well as the prospect of importing New Zealand butter, it was not until late in November that buying was resumed, after production had practically ceased due to the high cost of feed. Even then, our clients would not buy except for current needs and refused to anticipate their winter requirements due to the high level of prices. However they asked us to keep them protected by keeping sufficient butter on hand for the winter trade. We have proof of this by letters which I can submit to you if necessary.

Another point is, of course, we were not rationed this year. There was no question of trying to force a sale or push it on the market for the simple reason we had the privilege of holding in a little extra butter if we wanted to. The previous year, there was a ceiling on the market. There was no chance to get your extra cost out of it. There was not the same impetus to clean up as quickly as possible.

Mr. THATCHER: I think that is clear.

Mr. MONET: From your statement I see that at the end of February, according to page 3, you had 56 pounds of butter on hand?

Mr. EDWARDS: Just one box.

Mr. MONET: One box of butter?

Mr. EDWARDS: I kept that for the staff.

Mr. MONET: I suppose it is gone by now?

Mr. EDWARDS: It is gone.

Mr. MONET: Mr. Chairman, in view of the fact the witness is not well, and in view of the fact he has given the information the committee required, so far as I am concerned. I have no more questions.

The ACTING CHAIRMAN: Is everyone satisfied?

Agreed.

That completes the butter enquiry. I wish to thank you, gentlemen, for your tolerance this morning. On behalf of the committee I wish to thank Mr. Monet for the fair, impartial manner in which he has handled this enquiry. I believe I am expressing the opinion of all members of the committee.

Mr. PINARD: I wish to associate myself with those remarks.

Mr. MONET: I thank you very much. I did not expect that. I felt I was just doing my duty.

Mr. THATCHER: Just before we adjourn, would it not be wise to come to our conclusions on this aspect of our inquiry?

The ACTING CHAIRMAN: No, we do that later. I think we will adjourn now until four o'clock at which time we will commence the enquiry into meat.

The committee adjourned until 4.00 p.m.

AFTERNOON SESSION

—The committee resumed at 4.00 p.m. The Hon. Mr. Paul Martin in the chair.

The CHAIRMAN: Order, please gentlemen. Mr. Dyde, are we ready to commence our inquiry into meat?

Mr. DYDE: Yes, Mr. Chairman. I thought there was something I could do to help the members of the committee in connection with the examination into meat and that was, at the opening session, to give you the benefit of certain inquiries which I have made.

Introducing the examination into meat and having in mind the terms of reference of the committee and the desirability of expediting the work of the committee without impairing its thoroughness, I propose with your permission to outline to the committee the plan it is proposed to follow in making this examination.

Members of the committee who are familiar with legal procedure—I know there are a number—will understand me I think when I say that my remarks should be compared to some extent with those of a counsel who is opening his case before a court. I am not attempting to give evidence. On the other hand in preparing for the examination into meat my preliminary inquiries have ranged over a rather wide field including the reading of some hundreds of documents and the interviewing of numerous government officials as well as persons in the meat business.

The material turned up in this way obviously required examination, selection, organization, and a decision as to what portions of it should be brought to the committee's attention. I propose, therefore, as briefly as possible, to give the committee the benefit of the preliminary inquiries conducted by the committee's secretariat, its accountant and counsel. It should be understood again, however, that in so far as evidence is concerned, I am not trying to hold myself out as a witness, and that if any member of the committee feels after hearing me that there is some matter on which evidence is particularly required by way of explanation or otherwise, other than from the witnesses whom I propose to call, I shall be only too happy to have such help and guidance.

Mr. THATCHER: If Mr. Dyde is going to be some time, perhaps he would like to sit down.

Mr. DYDE: Actually, I prefer to stand; I will sit down later.

The members of the committee, through the efforts of the secretariat, assisted by numerous government officials, have each been provided with a folder

containing reference material. I shall go over that material with you but my purpose in supplying it is threefold: namely (a) to provide the means to the members of the committee of doing some home study, if time can be found for work of that nature, and (b) to assist members of the committee in directing questions to the witnesses who will appear, and (c) to obviate the necessity of calling a multitude of witnesses and thus shorten the time of the committee's examination.

Very early in my preliminary inquiry I found that statistics indicated that Canadians as a people consume more beef than any other meat. Pork appears as a good second, and the rest are nowhere. In 1946 the per capita consumption of beef among Canadians was more than 67 pounds. In the same year we consumed over 51 pounds of pork per capita. In the same period we consumed only a little over 10 pounds per person of veal and a little under 5 pounds per person of lamb and mutton. This appears in a document prepared by the Dominion Bureau of Statistics which is lettered "A" in your reference material, and which I now propose to have made an exhibit. I have lost track of the exhibit numbers, but I understand this will become Exhibit 90.

EXHIBIT No. 90: Meat Statistics 1940-1946, prepared by agricultural division, Dominion Bureau of Statistics.

(At this point Mr. McCubbin assumed the chair).

MR. DYDE: In connection with that exhibit, there are one or two peculiarities to which I, perhaps, might call your attention. On the first page, you will note there is a column headed, "Stocks used by non-civilians", and that column was, of course, important during the war. It has become progressively less important. It might, perhaps, have been removed from the item altogether except that it shows rather interestingly, that the army, navy and air force consumption of beef, as probably you all know, was very high.

In any event, the consumption by non-civilians in 1945 was 65,000,000 pounds, at a time when, I think I can say from my own knowledge, there were certainly less than a million soldiers, sailors and air men in uniform.

The rest of the document, I think, does not need any particular comment from me at the present time. I think we might pass on, although you will have reason to refer to that again.

The committee may also be interested in figures that I have seen indicating that in the United States in the year ending June 30, 1947, the consumption of pork exceeded the consumption of beef and veal combined. There was a consumption, actually, of 9,860,000,000 pounds of pork as against 9,779,000,000 pounds of beef and veal together.

Incidentally, the committee may be interested in some further figures on the United States. In a book entitled, "America's Needs and Resources", a Twentieth Century Fund Survey, published in 1947, at page 600, there is a table showing per capita food consumption in 1909 as compared to 1939.

This table is of considerable interest. It shows that in that decade the consumption in the United States of cereals fell very definitely. The consumption of beef and veal fell from 81 pounds per capita to 61 pounds per capita for that ten-year period. The consumption of pork fell from 67 pounds to 64 pounds per capita. To make up for it, American citizens consumed much more milk and cream, much more of the other manufactured dairy products with a milk equivalent; much more citrus fruits and fewer apples; considerably more canned and dried fruit and fruit juices; very much less in the way of potatoes and much more in the way of other vegetables. Sugar consumption also went up materially during that time.

There is a small paragraph in this book which I might perhaps read into the record because it is of interest to us purely as a comparative matter. Perhaps I put it in disjointedly here, although I think you will see my reason for putting it in in that manner. At page 617 there is this paragraph:

In view of the declining proportion of the one and two year olds in the beef cattle population, it may be expected that the numbers on farms and beef production will continue to decline on a per capita basis as beef continues to be displaced in the national diet by other sources of protein and fat.

For the reasons outlined above, I decided that unless and until further information reveals that we ought to widen the scope of our examination, it would be proper for the committee to direct its attention chiefly to beef and pork. And I now divide my subject for a few minutes into some paragraphs dealing with beef followed by some paragraphs dealing with pork.

I now draw attention to further reference material respecting beef. You have in your folders a booklet issued by The Wartime Prices and Trade Board, undated, entitled "Canadian Standard Methods of Cutting Beef". It is lettered "B" in your folder. Tucked inside the booklet is a rather large chart called "Retail Beef Chart". It is not necessary I think to have either of these produced as exhibits in view of the fact that a later document which I propose to make an exhibit will contain much of the same material. Before I finish I will refer to this booklet and the chart in further detail.

I might, perhaps, say to you that this was set as a standard when The Wartime Prices and Trade Board were working up ceiling prices. I should like to call your attention particularly to the way a hind quarter of beef was cut up. You will note, for instance, on page 6 of the booklet, the last note on the page, this hind weighed 132 pounds or 46.3 per cent of the side.

Throughout the booklet from there on you will find that as a piece of meat is cut up, the actual weights of the various component parts and the percentage of the side are mentioned as each cut is identified. As I say, I will return to that book again, although I think you will find it interesting to look at it and see the way the standard method of cutting beef was worked out by The Wartime Prices and Trade Board.

You will find also in your reference material, lettered "C" a coloured beef chart issued by the marketing service of the Department of Agriculture. This shows the principal cuts of meat in a side of beef. This is additional information and does not need to be exhibited. It gives you in perhaps slightly more beautifully coloured form, the information you obtained in the booklet lettered "B".

Next you will find lettered "D" in your folders, WPTB Order No. A-2032, an order respecting beef. With regard to this order I must give you a little history, for which I am indebted to the officials of The Wartime Prices and Trade Board.

The over-all ceiling policy on beef became effective under order in council PC 8528, December 1, 1941, and at that time sellers were required to sell at prices not in excess of those established by them during the basic period of September 15 to October 11, 1941. Then, succeeding orders following that dealt, first, with beef. On January 1, 1942, order number 134, divided Canada into zones for the purpose of meat price control. Maximum prices were fixed for each zone in relation to the basic period price and having in mind freight differentials.

Then, in 1942, cattle prices which usually reach a high point in June were fixed so as to allow for the seasonal variation.

An order of October 13, 1942, order No. 194, continued the seasonal variations and recognized five qualities of beef. I am not giving you those

qualities at the moment because they change somewhat, but I should like to call your attention to a very important part of order No. 194. It said that the retailer was required to adjust his ceiling price so that the average mark-up did not exceed 7 cents per pound.

In August, 1943, by order No. 307, standard cutting of all beef was required by retailers and maximum prices for all standard retail cuts were fixed. These maximum retail prices were based on a mark-up of 26½ per cent on the selling price.

On the 3rd of March, 1947, by a later order, increases of 2 cents a pound were authorized in the carcass price of red and blue brand beef and beef of commercial quality. Then, on October 22, 1947, ceiling prices on beef were suspended.

For the record, I think I should here give all the order numbers respecting beef, although I do not believe we need to go into them all.

Mr. THATCHER: Excuse me, is that information in "D"?

Mr. DYDE: I was giving the history leading up to the document lettered "D". I will give you a list of them. The orders on beef were those of June 1, 1942, 134; June 27, order 149; October 13, 1942, order 194; March 25, 1943, order 252; August 30, 1943, order 307; June 5, 1944, order 397; March 27, 1946, order 635; July 22, 1946, order A-2032; and March 3, 1947, order A-2294.

I have already called your attention to the fact that the Wartime Prices and Trade Board divide Canada into zones, and that the prices as fixed vary from zone to zone. You will find in your folders as document lettered "E" reproductions of the map of Canada showing the 15 zones into which Canada was divided. I do not think we need to exhibit the document as the geographical description of the zones are actually included in order A-2032, which will be exhibited in a moment.

Referring again to order No. A-2032 which is document "D" in your reference material. I have had them consolidated by stapling the amending order to it and you will find I have crossed out the schedules which have been amended, using a blue pencil. The amended schedules appear in the appended order, and they should be used rather than those which are struck out in blue pencil. That document, Mr. Chairman, is of sufficient importance I think to have it exhibited, because I am sure that there will be further reference to a number of matters in that particular order, I would like to have it exhibited as Exhibit No. 91.

EXHIBIT 91: Administrator's order A-2032.

Mr. THATCHER: I am not just clear on this now. Is this A-2032 amended by the one which you have attached to it, A-2291?

Mr. DYDE: A-2291, amends order A-2032, only in this respect, in the order A-2032, I have had crossed out in blue pencil the schedules which are amended.

Mr. THATCHER: I do not want to appear stupid in this, but we can use the amended one as being the up to date one?

Mr. DYDE: The amended one is the important one.

Mr. THATCHER: That is the first one?

Mr. DYDE: Yes; or, it is the last one which was in existence when decontrol occurred.

Then you will find in your reference material as document lettered "F" a document entitled "Meat costing". Now, this is a sample only and was made up merely for background information. I expect that actual methods of meat costing in use by individual witnesses will be produced later, and I do not

think it desirable at present to go over this in detail. I will have some remarks to make about it before I sit down, but for the meantime at least I would ask you simply to keep that among your papers and allow me to pass on.

Then, as document lettered "G" in the reference material you will find some pages from the May, 1936, issue of the C.S.T.A. Review (Canadian Society of Technical Agriculturists). It will not be necessary that this be made an exhibit I think, and I have added it purely as information. We will have some need however, to refer to the Wiltshire side and it might be well for me to put on the record a definition. I am informed that a Wiltshire side is one-half a hog carcass with the head off, the feet and shanks removed, and the tenderloin, spare ribs and leaf lard out. I am informed further that a hog carcass which weighs say 200 pounds is reduced to about 155 pounds by the removal of offal, etc., and is reduced to about 120 pounds when made into two Wiltshire sides. The Wiltshire side therefore weighs about 60 pounds.

The next document lettered "H" in your reference material is the pork order of W.P.T.B. No. A-2211 dated January 10, 1947—

I am reminded that I should refer to these orders as administrators orders, but you will note here as in the above order it is called "administrator's order" at the top of the page.

The order A-2211 was amended by increasing the ceilings of order No. A-2428, which became effective September 1, 1947. The order in the meantime I think should be exhibited as Exhibit 92.

EXHIBIT 92: Administrator's order A-2211.

For purposes of the record I would like to refer again to the fact that the meat costing document refers to pork as well as to beef, and the pork costing is in the second part of the document.

There is some further general material in your folders:

You will find as document "I" of your reference material, a booklet issued by the Dominion Bureau of Statistics entitled "Slaughtering and meat packing and sausage and sausage casings, 1945". I think this will not need to be an exhibit.

I then make reference to the Live Stock and Live Stock Products Act 1939 and regulations issued thereunder. These are respectively documents "J" and "K" in your folders. I think there is no need to make an exhibit of these.

Then there are two orders in council. The first, lettered "L" is P.C. 3851, establishing regulations respecting the grading and branding of beef and the second lettered "M" is P.C. 5329, establishing regulations respecting the grading and export of bacon. I think that for the present at least, it is not necessary to make exhibits of these. You will note however that P.C. 5329, includes requirements for Wiltshire side.

I have not supplied you with copies of another statute but for the purposes of record I refer to it here. It is The Agricultural Prices Support Act 1914, being chapter 29 of 8 George VI.

I now come to matters more directly affecting prices. Document lettered "N" is a chart of prices showing in a graph the comparative prices on the Toronto and Chicago markets for cattle and hogs. This, as appears from a footnote, was prepared by the secretariat and I think should be exhibited as exhibit 93. It can be a folded page in the printed record as was done in the case of an earlier exhibit of a similar nature. Incidentally this chart shows the prices which the Canadian producer is not getting, as there is no export to the United States from Canada.

The document needs some explanation. Canadian and American marketing methods differ. Hogs are bought alive by weight in Chicago, and by grade, slaughtered and dressed, in Canada. We have already been informed that a 200 pound hog dresses to about 155 pounds. You will note that in order to get

uniformity the Toronto figure has been expressed on a live basis by converting from a dressed basis on a 75 per cent dressing out. The chart therefore gives a fair comparison of prices.

The ACTING CHAIRMAN: What do you mean by 75 per cent dressing out?

Mr. DYDE: That is a term I find used in transferring from live to dressed prices, from the price of the live hog to the price of the hog dressed out.

The ACTING CHAIRMAN: That is right.

Mr. LESAGE: In other words, that is the yield?

Mr. DYDE: Yes.

For your convenience document lettered "O" has been extracted from Appendix 1, of the committee's minutes. The document is simply reproductions of pages 17 and 18, of that appendix and shows the wholesale price index numbers of meat products. There is therefore no necessity of our having it put in as an exhibit.

Document lettered "P" is important. It is a consolidated statement partly from W.P.T.B. sources and partly from Department of Agriculture sources. It should be exhibited as exhibit 94.

EXHIBIT 94: Document "P", consolidated statement.

Now, gentlemen, we will have I think continual reference with this exhibit and I am going to take a little time to go over it with you because it is one of the most important documents that I can put into your hands at this stage and I would like you to be sure of seeing what we did. The first page of exhibit 94, is the wholesale beef price as compared with the former ceiling price, and you will note that we have chosen certain centres in Canada; namely, Toronto, Montreal, Winnipeg, Edmonton and Vancouver. The decision as to the centres chosen was made in this way. We examined the live-stock review for a typical week. In the week of January 17, 1948, the sales at public stockyards were for cattle—Toronto 7,444 head, Montreal (east and west) 1,651, Winnipeg 8,047, Calgary 4,416 and Edmonton 3,497. Saskatoon sold just over 1,000 head and no other place in Canada showed more than 500. For the same week hog sales were Toronto 3,010, Montreal (east and west) 6,542, Winnipeg 3,960, Calgary 3,206 and Edmonton 4,045. No other centre in Canada reached 900 head. Vancouver was added because it is a large wholesale and consuming centre. Furthermore, when it came to other prices such as for wholesale and retail cuts, we found that we could get the most representative average of prices in these centres. When it came to a choice between Calgary and Edmonton, there was little to choose. Calgary is slightly larger as a beef centre, Edmonton as a hog centre. The fact that we could get a better picture of other prices in Edmonton was the determining factor in our choice.

With that in mind I call your attention to the footnote at the bottom of the first page of Exhibit 94, where I have attempted to show you how these prices were obtained. The regional offices of the Wartime Prices and Trade Board made a weekly survey of these prices, and the instructions which were given to the regional offices was to cover a representative sample of independent chain stores for retail prices. The wholesale survey include large and small operators. There are 10 or more retail prices in the average for each city but the number of wholesale prices runs from 4 to 6, depending on the number of packers in a particular city.

Now, I have this remark to make. I do not believe we could have got this evidence in the ordinary course of our inquiry as a committee without calling a multitude of witnesses, and the information that you will get from these pages which have been prepared for us from these two sources which I have mentioned will, I am sure, be extremely useful.

Mr. THATCHER: When did the ceiling come off, in May?

Mr. DYDE: I said a few minutes ago that it was October 22, 1947.

Mr. THATCHER: October 22, and there is no ceiling whatever at the present time?

Mr. DYDE: No.

Mr. THATCHER: Thank you.

Mr. FLEMING: Are these to be put into the minutes, Mr. Chairman?

Mr. DYDE: Might I get that settled? I am hoping, Mr. Chairman, that you would find it convenient to print the book today with my remarks and these printed in the same book. I think you will find it useful to have them in the same book.

Mr. FLEMING: Would these go in as an appendix to today's proceedings, or would they be included in the record where they come in your remarks?

Mr. DYDE: I was thinking that they might appear as an appendix to today's proceedings.

Mr. WINTERS: Before we leave this exhibit 94, I wonder if you would explain how we are to interpret these headings?

Mr. DYDE: They are the brands. The red is the best brand of beef; common is commercial; and cow is—I think that perhaps that needs no explanation.

Mr. FLEMING: That is the kind we get.

Mr. DYDE: You will find on some of your documents that there are a number of brands, Mr. Winters; red being the top, blue the next to red. You will find that there are other brands. Oddly enough the brands are not uniform throughout the government departments. The Department of Agriculture uses other brands than red and blue. They use "A", "B", "C" and so on; and as these price controls come from the Wartime Prices and Trade Board and as they use red brand, blue brand, and so on, I think it would be preferable to have the brands entered in this way.

Now, I might perhaps point out one or two things on the first page of this exhibit before I leave it. Under the heading "Toronto", and under the word "red", you find 25.00. That, of course, is 25 cents per pound, and was the former ceiling so that all the figures down that column are cents per pound. And you will notice as you run your eye down the column under "Toronto red" that you will read figures—25, October 27. After decontrol you have 25.50, 25½ cents as it is written; 26, on November 6; 26.25 on November 13; then it dropped to 26, on November 20; 26, on November 27; and then you find a rise on January 8, where you had 28.50. And if you will run your eye down to the bottom of the column you will find that on March 16, it was back again at 28.50. If you run down the red columns for yourselves in each case you will find what happened to the whole-sale beef prices over the period from decontrol until the latest date to which this table goes. Then if you will turn to the second page of this you will find—

Mr. WINTERS: Before we go on I wonder if you have had enough information to show what correlation there is between the prices in Halifax and Montreal since you have had no maritime centre shown here.

Mr. DYDE: I think I have not at the moment sufficient information, although I may be able to get it. I certainly will have further information with regard to some of the other prices at any rate.

Mr. WINTERS: I do not think we should overlook it.

Mr. DYDE: The second page of this exhibit 94 is a comparison of the prices of selected red brand beef cuts at retail compared with the former ceilings, and the figures throughout are in cents per pound. If you are interested in one or other of the cities which are named there you will find exactly what the price of sirloin steak did between October 30 and March 16. If you are interested in hamburger you turn your eye to the right hand column of that page.

There is one item that perhaps I might point out, and that is that on the 26th day of January under Montreal and under sirloin steak you find the highest price, 61. The third page of the exhibit is simply page 2 of the same comparison run over to include Vancouver. The fourth page of the exhibit is also an important page. I should like you to note the prices here are dollars per hundredweight for butcher steers at Toronto, and I call your attention to the figure at the top right hand corner of the page under 1941 which is \$8.37. That is where butcher steers started out in January, 1941. Then if you will run your eye over to the left hand column of figures below 1947 and down to October you will find in the month of decontrol that the price had gone to \$13.70. That figure is some way down the column under 1947. That again was the month of decontrol.

Mr. FLEMING: That is for 112 pounds?

Mr. DYDE: For 100 pounds.

Mr. FLEMING: A hundredweight or 100 pounds?

Mr. DYDE: It is per hundredweight.

Mr. FLEMING: A hundredweight is 112 pounds.

The Acting CHAIRMAN: No, no, these are live.

Mr. FLEMING: It is only when dead you quote them that way.

The Acting CHAIRMAN: That is long hundreds.

Mr. HARKNESS: Live stock figures are always quoted so much a hundred pounds live weight.

Mr. DYDE: Then I call your attention there to the figures of January and February, 1948, where we have another increase to \$15.21 in January and \$15.25 in February of 1948.

The fifth page of the exhibit is pork prices, and this is a comparison of wholesale pork prices with retail prices. You use this page of the exhibit in the same way as the previous page in regard to beef. You start with the ceiling price say under the heading "Toronto" at 25.75 cents per pound and you run down that column to January 8, 1948, where you find it is 34.75 cents per pound, and the end of the column where it becomes 34 cents per pound.

The next page is a comparison of wholesale and retail prices of pork products with the former ceiling prices. This page, gentlemen, will also repay some study on your part. These prices are in cents per pound. If I may again look at Montreal rather than the others for a moment I should like you to note, for example, that as to fresh loins which is the left hand two columns—and the "W" stands for wholesale and "R" stands for retail—the former ceiling on fresh loins in Montreal was 35 cents wholesale and 48 cents retail. You see a drop below 35 cents for a time after decontrol and then a rise to 39, 37, 37½, 39, and finally to 41. You can also compare that with the retail price which is in the adjoining column. If you were to go through the columns—and I think perhaps I will not ask you to do this yourselves because I think it is part of the work we should do—you would find some very interesting figures with regard to the margins and changes in margin. I hope to have a more complete picture of that for you, but in the meantime I think you could well compare what happened to wholesale and retail prices of these various articles and the margins in these various centres.

I have got to make a correction on the sixth page, the page we were at. Would you mind following down the left hand series of dates under Montreal? The first phrase is "Former ceiling". Then there is October 30, 1947, November 13, and the next date should be December 9, and not December 6.

Mr. IRVINE: December 9th.

Mr. DYDE: It should be December 9th and not December 6th. On the page immediately following that which carries Vancouver only in pork I have

got two corrections to make in the dates. You will note the former ceiling, October 30, November 13, and then November 9. That should be December 9. Then would you also look at Vancouver side bacon prices, and take your eye down wholesale prices starting with $49\frac{1}{4}$ at the top. You will find it goes to $54\frac{3}{4}$, $54\frac{3}{4}$ and then $34\frac{1}{2}$. That should be $54\frac{1}{2}$.

Mr. IRVINE: There are two $54\frac{3}{4}$ there. Which is it?

Mr. DYDE: The $34\frac{1}{2}$ should be $54\frac{1}{2}$. It never got down to $34\frac{1}{2}$. Then on the last page I have given you there the monthly average price per hundredweight of the B-1 dressed hogs at Toronto, and I call attention again to the top right hand figure under 1941 showing \$11.08 at January, 1941; then to the figure for October, 1947 in the left hand column which becomes \$22.09 to the time of decontrol, and then to the figure of \$28.10 in January, 1948. I considered that those figures were so important to you that you should have as much help as possible in following them, and as I have already said I will be giving you further information with regard to that exhibit.

Mr. THATCHER: May I interject again? There is an awful mass of figures there. Would you have an approximate figure or a close figure as to what the average increase on beef has been from October 22 to the present time, or the average price increase on hogs?

Mr. DYDE: I have not got that figure in that way. I do not want to put a wrong answer on the record or an inaccurate answer, but I will endeavour to do something to assist you in that respect. I am bound to say I thought this was the easiest way to get it before you, that this would give it to you better than the percentage way. However, if you would like to have it done by way of percentage we will endeavour to see what we can do.

Mr. HARKNESS: Such a figure would not have much significance unless you relate to it the change in the British contracts for beef and bacon which caused this large rise which you notice on the last page as far as hogs from \$22.78 in December to \$28.10 in January. That took place over night due to the effect of the new British bacon contract. The same thing occurred, but to a much lesser extent, as far as beef.

Mr. THATCHER: We could relate that but I should like to have that information as to what the average increase is between October 22 and the present date.

Mr. HARKNESS: I cannot see where it would be much good. The average increase up to the end of the year and then the increase which was brought about by the effect of the British contract would be of some value, but otherwise I do not think it would mean anything.

Mr. THATCHER: I think I could make it mean something.

Mr. HARKNESS: My point is it would only mean something that would be misinforming to the general public.

Mr. DYDE: The document which is lettered "Q" in your folders is a series of charts which was prepared by the secretariat to indicate the price rise over a period. I do not propose to stop at the moment to talk about this except to make one remark, and that is you will find some of these lines are broken lines, lines with a gap. The lines with a gap simply mean that for certain periods it was difficult to find an accurate quotation, but it gives you an impression which I think perhaps is easier to follow than simply figures, in some respects. I think we should exhibit those, Mr. Chairman, if we may. They can again be a folded page. That will be Exhibit 95.

Mr. FLEMING: "Q"?

Mr. DYDE: "Q" is Exhibit 95.

EXHIBIT No. 95: Series of charts indicating price rise.

Mr. DYDE: The document lettered "R" is short and I think is worth exhibiting. It is taken directly from the Department of Agriculture Live Stock Review and is a summary of average prices of beef and pork in various markets across Canada. There are two pages. One is beef and one is pork. That will be Exhibit 96.

EXHIBIT No. 96: Summary of average prices of beef and pork.

The document lettered "S" is also taken from the same source and is a record of inspected slaughtering of live stock week by week from August, 1947, to March, 1948, and I think should be an exhibit. It will be Exhibit 97.

EXHIBIT No. 97: Record of inspected slaughtering of live stock.

The document lettered "T" is a record of millfeed prices from the same source. I think I will have to make a remark here, that when I showed this to one expert he told me that his idea of millfeed was that they comprised bran, shorts and middlings, and he called the other things feed grains. My only reply is, this is an exact copy of the way it appears in the Department of Agriculture Live Stock Review, and is simply picked out for your benefit.

Mr. THATCHER: Can you tell me if the ceilings came off these things after October 11?

Mr. DYDE: October 22.

Mr. THATCHER: Off these as well as live stock?

Mr. DYDE: Yes.

Mr. WINTERS: Where are these prices quoted, Winnipeg?

Mr. DYDE: I may have to take a minute to answer that.

Mr. WINTERS: You can answer later on.

Mr. DYDE: I think I am right in saying it is Ontario, but I should like to make sure of that because we might as well have it on the record. Yes, those prices are prices quoted for Ontario cities, Chatham, London, Woodstock, Toronto, Belleville, Kingston and Ottawa. The prices as you go further east are higher.

Mr. WINTERS: That is right. That is what I was concerned about. I think we should have some information sooner or later on the prices in Halifax because that is particularly important.

The ACTING CHAIRMAN: It was our intention, was it not, to investigate the prices of these feeds?

Mr. WINTERS: Yes.

Mr. DYDE: We are not doing feeds at the minute, although I am bound to give you this information with regard to our present study.

Mr. WINTERS: It is a determining factor on whether or not we get beef in the maritimes?

Mr. DYDE: If you would care to have me put on the record right now some prices for Halifax I shall be glad to do it.

Mr. WINTERS: Either now or later I should like to have it.

Mr. DYDE: Perhaps it would be better if I did it later so as not to confuse it too much. Then there is a document lettered "U"—

Mr. IRVINE: This other one is not an exhibit?

Mr. DYDE: Oh, I beg your pardon. I want to exhibit the document lettered "T" as Exhibit 98.

EXHIBIT No. 98: Record of millfeed prices.

Then the document lettered "U" is statistical material furnished by the Department of Agriculture. I call attention particularly to the first page under the cover which shows the new 1948 United Kingdom prices on beef and pork. I am informed by the Department of Agriculture those prices became effective on January 5, 1948.

Mr. FLEMING: I do not want to interrupt the continuity but I have just one question by way of explanation of Exhibit 98. What was the date on which the subsidy on feed grains came off?

Mr. DYDE: October 22, 1947.

Mr. FLEMING: October 22—the big jump in some of these items is between October 11 and 18.

Mr. LESAGE: Only for bran and shorts.

Mr. FLEMING: And you will find barley and middlings go up between October 18 and 25.

Mr. LESAGE: But not for the first three columns.

Mr. DYDE: I shall make some inquiry about that, I am not sure.

In connection with the document lettered "W" I propose that should be exhibit 99. Now, on the first page under the cover of that document there are a couple of comparative prices to which I think, perhaps, I might draw your attention. In the upper portion of the page where we are dealing with beef, you have the comparative prices, 1947, \$24.25 and the price in 1948 of \$27.50. Then, down at the bottom of that page, under pork prices you have the 1947 price of \$27 and the 1948 price of \$36.

EXHIBIT No. 99—Statistical material on meat.

I now come to a somewhat difficult matter. One of the commonest questions that arises is—what happens to the consumer's dollar when he purchases meat? When I began to look into this question I was told by most of the experts to whom I spoke that one could not arrive at an answer. I was told that cost accounting in the meat industry was an extremely complicated and difficult subject, and that by reason of all the matters affecting costs it would never be possible to tell a consumer purchasing meat how much of his dollar finds its way to the farmer, nor conversely to tell a farmer how much of the retail price of meat he gets and how much is retained by the people who handle the meat between him and the consumer.

I have, however, embarked on this exercise although admittedly I have confined myself to beef, and I have confined myself to beef under price control. As I worked my way around in it I came to the conclusion that I was more than a little ambitious in attempting it, and yet it seemed to me that it would be possible to reach at least a reasonable approximation. I hope that there will be a few members of the committee sufficiently interested in this exercise to give their assistance and it is possible that by the time we have finished our examination, we will be able to record at least a partial answer.

To introduce the matter I have prepared some documents which are in your folder: These I think should not be exhibited at least until members of the committee have had a chance to examine them, and until we have heard from some of the witnesses.

Document "V" is an analysis of the evidence of a witness who gave evidence in 1934 before the Special Committee on Price Spreads and Mass Buying. He attempted to follow a steer through the St. Boniface market in the autumn of 1933.

Document "W" is a series of documents prepared by myself and hence require the closest scrutiny. And here I would like to say a word to the press, if I may. I have no objection to the press representatives having copies of this

document. It may well be that we might get some valuable suggestions from them. I would ask the press, however, to be kind enough to refrain from quoting this document as evidence or as in any way being authentic. You will understand that it may be wrong and it would be unfair to the meat industry and the producers if it were quoted publicly until in some way or other it has been verified.

My experience on document "W" is one in which I took a 1,000 lb. steer and followed it from the farmer through the packing house and the retailer to the consumer. The first page shows how I did this. Then on the second page I worked backwards through the same figures by starting with a consumer who on October 22, 1947 bought a pound of porterhouse steak.

I should like to go over these documents with you, but I should prefer that we do it by way of an adjournment to an executive session rather than put it on the record. When I am finished with my remarks, I am going to suggest I go over it with you in an executive session because, as I say, I cannot produce these documents as exhibits until there has been some verification. However, I should like to take you over the document.

I have also been supplied—I am leaving document "W" for the moment—with a booklet of which, unfortunately, I have been unable to obtain additional copies in time. It is Technical Bulletin No. 932 dated January, 1947, entitled "Marketing Margins and Costs for Livestock and Meat" by Knute Bjorka, Agricultural Economist, Bureau of Agricultural Economics, and published by the United States Department of Agriculture, Washington, D.C.

There is so much useful information in this book that I feel I should read extracts into the record. You will, of course, remember that it is applicable to the United States.

The problem of dividing the consumer's dollar spent for meat into the proportions that go for performing the functions of marketing livestock, meat packing, wholesaling, and retailing involves innumerable complications. The livestock sold by a farmer is a different commodity from the meat bought by a consumer. Slaughtering yields a carcass that weighs considerably less than the weight of the live animal. The processing generally also reduces the weight of meat, although in some cases the weight is increased. The animal when slaughtered yields many by-products, both edible and inedible. Some of these are processed by the concern that slaughters, and others are sold in the raw state to other processors. The edible by-products are mostly marketed through the same channels as the meat, but the inedible by-products usually are sold through other channels. Important inedible by-products are hides, pelts, grease, pharmaceuticals, and materials for the manufacture of animal feeds and fertilizers.

The carcass decreases further in weight when it is cut up for the retail trade, owing to loss of moisture and to normal cutting losses, trimming, and boning. The different retail cuts vary widely in value. Some trimmings such as tallow, tendons, and bones resulting from boning are inedible and of low value. All this greatly complicates the pricing of meat.

Meat from animals of different species are in some respects dissimilar. The animals tend to vary in dressing yield, the carcasses may be cut differently, the extent to which meat is processed and the kind of processing done may be different, and the byproducts have different values. A considerable part of the pork carcass is cured and smoked, whereas carcasses of beef, veal and lamb are mostly sold fresh. More beef than other meat is boned. Packers make hamburger, various kinds of sausage, and other prepared meats. Some processing and fabrication of cuts of meat also are done by other wholesalers and retailers.

Packers also process and handle products other than meat, such as lard, butter, cheese, poultry, eggs, fish, and other seafood. Then, too, all the meat produced from slaughter at packing plants is not distributed to consumers through retail stores. Some is sold at wholesale to hotels, restaurants, institutions and steamship companies, either by the packers or by other wholesaling agencies. Some is sold by packers in relatively large lots to concerns that manufacture sausage and other prepared meats but that do no slaughtering. Much of the meat retailed is sold through combination meat and grocery stores which handle innumerable other products. Even in regular meat markets, such products as poultry, fish, other seafood, butter and cheese are generally sold.

With a problem as complex as this it is obvious that the margins for the various marketing and processing functions cannot be determined with mathematical precision. The detailed data pertaining to the various phases of the problem are limited both in amount and in their refinement. All that can be hoped for in a study of this kind is to bring together the best available information on the subject, and to determine average margins and costs. The margins derived should be considered approximate; therefore they have their limitations. But for practical purposes they should be useful as general indicators of the relative size of the margins taken for performing the various functions of marketing and processing livestock and meat.

Further, on page 9 and following pages I read these extracts:

Normally, the spread between farm value of livestock and the retail value of meat, expressed in cents per pound, tends to be wide when prices are high and narrow when prices are low. The livestock producer tends to get not only lower prices per pound when the level of prices is low, but he generally gets a smaller percentage share of the price consumers pay for meat. In the two depression periods, the early 1920's and the early 1930's, the percentage spread between the farm price of livestock and the retail price of meat was relatively high, and the farmer's share relatively low. On the other hand, during the periods following these depressions, when prices were considerably higher, the percentage spread between farm and retail prices was smaller and the proportion received by farmers was relatively large.

Then later in the pamphlet the author goes on to discuss the distribution of the margin on various bases and he gives, in the book, three charts which I have reproduced in a document in your folder. I think this document might well be exhibited so my remarks can be referred to that document. Again, it can be a folded page and should be exhibit 100.

Mr. FLEMING: Just a word there, Mr. Chairman; I am sure Mr. Dyde has given thought to this question, but this relates, purely and simply, to the United States. Does he feel it should be marked as an exhibit here? Are we going to have any information to establish the relevancy of a document of this kind for our purposes in determining the reason for the price rise in Canada?

Mr. DYDE: No, it is immaterial to me. I thought it would be easier to have it as an appendix so the remarks could be followed. If you do not wish that, I do not care.

Mr. FLEMING: Will you be coming back to this later or is it apposite to the remarks you are making now?

Mr. DYDE: It is apposite to what happened to the consumer's dollar in Canada.

Mr. FLEMING: If it is of any help, I am sure we want it. I am wondering whether it is close enough in point of date or geography to be really relative to our inquiry? What happened eight years ago in the United States could be a very unreliable indication of what has happened in Canada in the year 1947 or 1948.

Mr. PINARD: There would have to be a distinction made, of course.

Mr. WINTERS: It gives us a representative yardstick.

Mr. DYDE: It is only given for what it is worth. I do not feel very strongly about it, one way or the other.

Mr. FLEMING: The only question is whether it should be printed in the appendix to the proceedings.

Mr. LESAGE: I do not see why not.

The ACTING CHAIRMAN: It is up to the committee.

Mr. FLEMING: If we are coming back to it or using it as a basis of comparison later on, we will probably have to have it marked. If it is not going to be referred to later on, but left here, I question the need for marking it as an exhibit.

Mr. IRVINE: Using it for what it is, is there any reason why it should not be an exhibit?

Mr. FLEMING: It turns on that expression, "Using it for what it is"; if we are not going to use it, I am wondering if it should go in at all.

Mr. DYDE: We are not going to use it. It was brought forward purely as a matter of help to you gentlemen. If you would just as soon have it in your folders and not exhibit it, it does not matter to me.

Mr. PINARD: I think we should follow counsel's opinion on this. He seems to think it could be part of the evidence.

Mr. FLEMING: He says it does not matter.

Mr. LESAGE: Mr. Fleming has not convinced me.

Mr. FLEMING: That might be a superhuman task. If Mr. Dyde is not coming back to it, I do not see any point in having it marked as an exhibit, or having it reproduced in the proceedings. There are a number of these documents which are not being reproduced. What I am concerned about is the reliance to be placed upon this at some time or other, and its relevance being established. This relates to another country nine years ago. If it is not going to be made the subject of further reference to Mr. Dyde, I think we had better leave it in the folder and not print it.

Mr. DYDE: I proposed to read out of this document partly because I thought it would help you gentlemen. I was going to read some of the remarks of this writer as to the way in which he arrived at the results he obtained. I thought it would help the committee in arriving at the results the committee wishes to get.

Mr. PINARD: In other words, this gentleman's remarks might very well apply to Canada and many other countries, generally.

Mr. FLEMING: The trouble is that Mr. Pinard is already drawing an inference that this, in effect, is applicable to Canada. We have not any proof of it.

Mr. PINARD: It might be generally applicable without being directly applicable.

Mr. FLEMING: We would have to have evidence on it.

The ACTING CHAIRMAN: What is your pleasure? We should settle the matter.

Mr. FLEMING: Leave it in the folder.

Mr. IRVINE: I should like Mr. Fleming to state his point again. I think there is something in it and Mr. Thatcher was not in the room when he made his objection.

Mr. WINTERS: Let us put it in and get on with the proceedings.

The ACTING CHAIRMAN: Are you in favour of putting it in as an exhibit in the manner counsel wishes?

Mr. FLEMING: He says it does not matter. I do not think it should go in unless its relevancy is established. Otherwise, someone is going to start arguing about it and making an assumption about it just as Mr. Pinard made an assumption a moment ago.

Mr. IRVINE: I think when counsel refuses to put in his own bright study as an exhibit until such time as evidence warrants it, there is some point in Mr. Fleming's objection to this.

Mr. MERRITT: I note that counsel, in his exercise, arrives at a slightly different percentage conclusion from the text.

Mr. DYDE: I will attempt to resolve the controversy. I will withdraw my suggestion that it be exhibited and I will skip some remarks I was going to make from this book. We will let it slide for the time being.

Mr. LESAGE: I do not think we should do that. I would be much interested in knowing how this author did come to his conclusions.

Mr. DYDE: That is what I thought. I thought you would be interested in that.

Mr. LESAGE: Yes, and I move that this be exhibited as exhibit 100 and that counsel read the portion he was about to read. If the members of the committee do not want to know about it, it is up to them to decide.

Mr. FLEMING: I think we are interested in the method, yes, because Mr. Dyde, later on, is going to produce some evidence which will bear on what he has called his own exercise. We will want to know whether the method is correct or not. However, this deals with the result, not the method.

Mr. LESAGE: Counsel has said he wished—

Mr. FLEMING: Let us not discuss it. We have spent a lot of time on it.

Mr. LESAGE: Counsel has said, in reading the remarks he will have to refer to a certain exhibit. If he refers to something which is not in the evidence, it will be impossible to understand the remarks.

Mr. WINTERS: I will second Mr. Lesage's motion.

The ACTING CHAIRMAN: Are you in favour of making this exhibit 100?

Mr. LESAGE: We have no choice if we want to understand the remarks made.

The ACTING CHAIRMAN: Are you in favour of following counsel's wish and make this exhibit 100? I am putting Mr. Lesage's motion. All in favour? Those against?

Mr. LESAGE: It is four to four, so you will have to decide.

The ACTING CHAIRMAN: We will follow counsel's wishes.

EXHIBITS No. 100: Chart on distribution of consumers dollar for meat and meat products in U.S.A. 1939.

Mr. DYDE: The author of this pamphlet goes on to say:

Of the amount paid for meat at retail in 1939, nearly one-half went as payment for marketing and processing livestock and meat, and slightly more than one-half was received by the producers of livestock. The cost of distributing the meat, including both wholesaling and retailing, was equal to nearly 30 per cent of the amount paid by consumers. Nearly 15 per cent of the total went as payment to meat packers for slaughtering and processing, and 4.3 per cent for the marketing of livestock, including their transportation.

The average retail value of meat (including lard) in 1939 was 23.5 cents per pound. The average margin for retailing was found to be 24.0 per cent of the retail value, or 5.6 cents per pound. According to this the wholesale value of meat was 17.9 cents per pound. The margin for wholesaling, which included outward transportation, was 7.7 per cent of the value at wholesale, or 1.4 cents per pound. The value of the meat at the plant was therefore 16.5 cents per pound. The margin for meat packing was found to be 21.4 per cent of the value at plant, or 3.5 cents per pound. This indicates that on a retail value basis the market value of the livestock was 13.0 cents per pound. The margin for livestock marketing, which included transportation, was 1.0 cent per pound. In terms of the retail sales unit or composite average, the amount paid producers for livestock was equal to 12.0 cents per pound.

In connection with the second chart on exhibit 100 the author says:

It is estimated that 19.7 per cent of the total retail value of meat went to meat-packing concerns for performing the various functions of marketing, slaughtering, and processing livestock and meat in 1939. This percentage is estimated to be made up as follows:

Meat packing, 14.9 per cent; wholesaling, 4.5 per cent; retailing, 0.2 per cent; and operating livestock markets, 0.1 per cent. The retail meat dealers' share of the consumer's dollar was 23.8 per cent. Livestock marketing agencies (non-packer) received 4.2 per cent of the amount paid by consumers for meat that year. The independent wholesalers' (non-packer) share was only 1.3 per cent of the total paid by consumers for meat. Returns to producers was 51.0 per cent of the total retail value.

For some functions of marketing the expenses per unit of product remain fairly constant irrespective of the price at which the product sells. For others, expenses tend to change directly with the change in price, but the degree of change may be proportionately less.

The expense per hundredweight for marketing livestock was about the same whether prices were high or low, or whether the volume marketed was small or large.

This is because the fees and charges for the services performed at markets, and the rates charged for transporting the animals, are generally on a head or on a weight basis.

The margins for both processing and retail distribution of the product, on the other hand, changed considerably with the change in prices. They tended to be high when prices were relatively high, and low when prices were relatively low. In the period 1925-28, when the average retail price of all meat was 25 cents per pound, the margin for processing was 3.7 cents per pound. In the period 1931-34, when the average price at retail was 16.3 cents per pound, the processing margin was 3.0 cents per pound.

For retail distribution of meat, the margin in 1925-28 was 5.6 cents, and in 1931-34 was 4.9 cents.

Margins for the various marketing functions and for processing, when expressed as percentages of the retail price of the product, tend to be high when the price is low, and low when the price is high. This results from the fact that the margin in cents per pound of a product either remains virtually unchanged, or changes less than the change in price of the product, so that when compared with low-price products the percentage margin is large and when compared with high-price products the percentage margin is small.

Then I turn to page 47:

On the basis of meat-packing operations, the average gross margin in 1939 is estimated to have been 21·4 per cent of the wholesale value of the product at the plant, according to information developed by the American Meat Institute. This includes an operating margin of 20·2 per cent and profit of 1·2 per cent. In other words, 78·6 per cent of the wholesale value of the products at the plant was paid for the live stock and other farm products purchased. The gross margin that year was about the same as the average gross margin for the 5-year period, 1936-40.

Then on page 53:

Profits or earnings of the wholesale meat-packing industry are small per unit of product. However, as the aggregate volume and the total value of the products handled are large, the average return on investment has been more favourable than the narrow profit margin on sales would suggest.

Then a remark or two on retailers at page 71:

The distribution of meat to consumers is principally through retail meat markets and combination stores (grocery and meat), although some is sold through general stores. Only small quantities are sold directly to consumers by producers who do slaughtering. The retail meat dealer generally buys carcasses, or parts of carcasses, from animals slaughtered in commercial packing plants.

The retail meat dealer cuts the wholesale products either according to an adopted standard or according to the special requirements of his trade.

The margin for retailing meat covers not only compensation for a variety of services performed by the retail meat dealer, but it must also allow for losses in weight of the product due to waste from cutting, trimming, and boning, and from shrinkage through loss of moisture while held under refrigeration at the store. The services performed by a meat dealer include the maintenance of a retail market with storage and display refrigeration facilities, waiting on the trade, cutting, trimming and preparing cuts, and grinding meats. Some stores provide credit and delivery service; others are of the cash-and-carry type.

Then I think there are some suggestions which he makes at the end of his book which it seems to me it might be useful for you to know. On page 94 he says:

A considerable item of cost is for wrapping and packaging. The trend of demand has been towards more packaged products and more costly packaging. Newer containers, more attractive to customers, will probably be developed, and this is likely to increase packaging costs. Better packaging, however, may actually result in net savings in the over-all cost by reducing shrinkage and spoilage. These items are important in the meat industry and may be considered costs, although they do not appear as expenses on the packers' books. Very little meat actually spoils in a packing plant, but there is a substantial loss from moisture evaporation, and some of this is preventable. Proper packaging, coupled with rapid turn-over of production and effective temperature and humidity controls, can hold shrinkage at a minimum.

Then on page 97:

The question as to what savings could be made in retailing meat, which during prewar years ranged from 20 to 30 per cent of the selling prices, is significant. About half of the cost of retailing is for labour

in the retail shop; savings there seem unlikely. But the reduction of labour costs by means of better use of the butcher's time offers a possibility particularly in the larger shops. Although the average butcher may keep busy, he does not spend all his time on the skilled operations which warrant his fairly high wage rate. A large share of his time is taken in helping housewives select their meat, weighing it, wrapping it, making change and doing other work that could be done as well by a less skilled clerk at lower wages.

Savings could also be made if the consumers' buying could be spread more evenly over the week. This means teaching consumers to spread their buying over the slack period, or persuading them to do so by offering price concessions at appropriate times.

Decreasing operating expenses through reduction in the services provided is possible in some stores. Among these services are delivery and credit. Relatively large self-service retail meat markets are being operated in some sections, some handling the regular fresh cuts of meat, other handling frozen packaged meat.

There are one or two other documents in your reference material to which I am not proposing to refer at all. It seems to me they will be found useful to you although I do not need to mention them particularly.

In closing my remarks it seems to me that I can be of further assistance to the committee. Without in any way attempting to limit the scope of the committee's examination, and before having heard or interviewed all the witnesses who will appear before you, I can give you some information as to what you will hear and some suggestions as to the matters to which you should direct particular attention.

You will have before you producers of cattle and hogs from the main producing areas of Canada. They will point to steadily rising costs of production. You will have representatives of the packing industry who will give you particulars of their costs, and you will hear from some retailers who will refer to their costs. You will hear of the tremendous increase in pork prices at the time of the re-negotiation of the United Kingdom contract. You will no doubt single that out as the most remarkable of the recent increases. But you will also see a steady rise in the price of both beef and pork going on throughout the period of control. You will have to consider, I submit, what factors here contributed to the increases, whether it be the retail margin, the packer's margin, the market price of cattle and hogs, the United Kingdom contract, or a combination of them all—

Mr. THATCHER: Or lack of ceilings.

Mr. DYDE: —or whether some other factor has contributed and if so what it is. You may obtain some help in your work by considering the causes of the temporary fall of retail meat prices which occurred subsequent to the sharp rise at the opening of 1948. You will hear suggestions and recommendations from some of the witnesses, and it will be for us to examine these and consider their practicability.

The material with which I have supplied you is for the purpose of helping you with these problems.

The so-called exercise which I have placed before you is not merely academic fancy. I can assure you that if you can come out at the far end of your examination with some explanation to the consumer as to where his dollar is going, you will have performed a real service.

With respect I suggest to you that an examination of the kind we are about to open, if it is to achieve its purpose, is a matter of close attention to detail, of

diligent study and of concentration on the work in hand. We may find as we proceed that there are matters which we will have to examine which I have not anticipated. I trust that these will not be numerous.

Mr. Chairman, I am now ready to proceed to deal with certain aspects of the matter on which probably you would like to have an executive session of the committee.

The ACTING CHAIRMAN: What is your pleasure? (Agreed). Then our main committee meeting is adjourned and we will go into executive session of the committee.

The meeting adjourned to resume on Friday, April 16, at 11 o'clock a.m.

APPENDIX "A"

EXHIBIT No. 90

Agricultural Division, Bureau of Statistics, Ottawa, Canada

MEAT STATISTICS, 1940-1946

Prepared for Special Committee on Prices—February 26, 1948

TABLE I.—SUPPLY AND DISPOSITION OF BEEF AND VEAL IN CANADA, 1940-46, WITH FIVE-YEAR AVERAGE 1935-39

	Stocks at Jan. 1	Production ¹	Imports ²	Total supply	Exports ²	Used for canning	Used by non- civilians	Stocks at Dec. 31	Total civilians consumption	Civilian consumption per capita
	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	lb.
BEEF—										
Average, 1935-39.....	22,684	618,556	158 ³	641,398	10,899	1,406	.....	24,040	605,053	54.7
1940.....	29,639	643,459	233	673,331	3,913	2,281	.....	21,848	614,931	54.5
1941.....	21,848	720,651	1,509	744,008	7,905	5,779	30,358	32,209	654,550	58.3
1942.....	32,209	743,756	915	776,880	15,961	8,212	43,565	29,204	671,592	60.1
1943.....	29,204	863,175	375	892,754	13,549	5,993	63,418	35,637	774,157	69.3
1944.....	35,637	932,831	23	968,491	107,411	14,181	64,546	31,831	750,522	66.6
1945.....	31,831	1,119,622	2	1,151,495	194,754	116,302	65,000	40,842	734,597	64.6
1946.....	40,842	1,053,359	6	1,094,187	136,063	188,480	18,218	30,642	820,784	67.4
VEAL—										
Average, 1935-39.....	3,452	116,372	4	119,824	.....	22	.....	3,785	116,017	10.5
1940.....	4,201	122,734	4	126,935	.....	36	1,019	4,004	121,876	10.8
1941.....	4,004	128,429	4	132,433	.....	86	1,349	6,237	124,761	11.1
1942.....	6,237	118,311	4	124,548	.....	27	1,115	2,308	121,098	10.8
1943.....	2,308	118,209	4	120,517	4	23	1,451	5,419	113,624	10.2
1944.....	5,419	125,993	4	131,412	4	25	2,735	5,155	123,497	11.0
1945.....	5,155	141,391	4	146,546	4	2,195	4,000	5,348	135,003	11.9
1946.....	5,348	132,022	4	137,370	4	5,459	481	3,438	127,992	10.5

¹ Dressed weight of animals slaughtered not including offals.² Dressed carcass basis.³ Includes edible offal of beef and veal.⁴ Not available, quantity small and included with beef.

TABLE II.—SUPPLY AND DISPOSITION OF MUTTON AND LAMB AND PORK IN CANADA, 1940-46, WITH FIVE-YEAR AVERAGE 1935-39

	Stocks at Jan. 1	Production ¹	Imports ²	Total supply	Exports ²	Used for canning	Used by non- civilians	Stocks at Dec. 31	Total civlian consumption	Civilian consumption per capita
	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	lb.
MUTTON AND LAMB—										
Average, 1935-39										
1940	6,190	61,417	422	68,029	248	37	.....	5,965	61,779	5.6
1941	6,356	52,461	921	59,738	183	61	3,225	5,402	50,807	4.5
1942	5,462	58,413	2,627	66,502	349	137	4,311	6,861	54,844	4.9
1943	6,861	56,473	2,010	65,344	628	133	3,703	5,054	55,766	5.0
1944	5,054	62,092	29	67,175	891	129	5,055	9,419	51,681	4.6
1945	9,419	57,727	.....	67,146	1,589	218	3,912	6,930	54,497	4.8
1946	6,930	69,008	.....	75,938	7,951	1,563	4,800	7,778	53,846	4.7
	7,778	71,249	.....	79,027	11,268	1,303	578	7,072	58,806	4.8
PORK—										
Average, 1935-39										
1940	34,511	620,522	7,394	662,427	179,630	4,495	.....	37,863	440,439	39.9
1941	44,880	864,535	37,244	946,659	353,015	7,293	20,476	60,975	504,900	44.7
1942	60,975	1,056,046	5,156	1,122,177	482,040	18,481	29,331	71,562	520,563	46.3
1943	71,562	1,188,295	837	1,260,794	537,431	32,132	39,025	55,650	596,556	53.3
1944	55,650	1,394,400	2,306	1,452,356	587,475	53,764	44,088	85,472	681,557	61.0
1945	85,472	1,503,257	665	1,589,394	717,714	91,438	39,948	48,852	691,442	61.4
1946	48,852	1,111,607	17	1,160,476	402,049	46,116	40,000	33,072	579,239	50.9
	33,072	993,471	726	1,027,269	297,871	52,143	6,506	38,675	632,674	51.9

¹ For mutton and lamb, dressed weight of animals slaughtered not including offals; for pork, dressed weight of animals slaughtered not including fats and offals.² Dressed carcass basis.

TABLE III.—SUPPLY AND DISPOSITION OF OFFALS IN CANADA, 1940-46, WITH FIVE-YEAR AVERAGE 1935-39

—	Production	Imports	Total supply	Exports	Used for canning	Used by non-civilians	Total civilian consumption	Civilian consumption per capita
	000 lb.	000 lb.	000 lb.	000 lb.	000 lb.	000 lb.	000 lb.	lb.
Average 1935-39.....	64,611	¹	64,611	¹	583	.....	64,028	5.8
1940.....	75,757	90	74,847	10,985	946	1,657	62,259	5.5
1941.....	86,285	34	86,319	13,922	2,405	2,198	67,794	6.0
1942.....	89,036	167	89,203	12,927	3,306	1,839	71,131	6.4
1943.....	98,770	10	98,780	9,595	5,268	2,411	81,506	7.3
1944.....	108,765	.....	108,765	14,700	7,870	3,196	82,999	7.4
1945.....	107,096	.....	107,096	10,839	25,550	2,000	68,707	6.0
1946.....	99,503	.....	99,503	5,264	27,191	242	66,806	5.5

¹ Not available.

TABLE IV.—SUPPLY AND DISPOSITION OF CANNED MEATS IN CANADA, 1940-46, WITH FIVE-YEAR AVERAGE 1935-39

—	Estimated Production	Imports	Less adjustment for change in Stocks	Total Supply	Exports	Used by $\frac{1}{2}$ non-civilians	Total civilians consumption	Civilian consumption per capita
	000 lb.	000 lb.	000 lb.	000 lb.	000 lb.	000 lb.	000 lb.	lb.
Average 1935-39.....	5,624	12,292	1	17,916	1,999	.....	15,917	1.4
1940.....	9,123	10,612	1	19,735	6,378	863	12,494	1.1
1941.....	23,074	7,269	1	30,343	1,695	1,986	26,662	2.4
1942.....	34,547	4,555	1	39,102	9,761	4,013	25,328	2.3
1943.....	47,794	5,640	998	52,436	18,820	7,681	25,935	2.3
1944.....	77,460	5,685	7,707	75,438	39,707	12,495	23,236	2.1
1945.....	199,017	656	50,000	149,673	98,704	10,000	40,969	3.6
1946.....	191,016	1	1	191,017	148,349	.....	42,668	3.5

¹ It is estimated that stocks are same at beginning and end of period.

TABLE V.—SUPPLY AND DISPOSITION OF LARD IN CANADA, 1940-46, WITH FIVE-YEAR AVERAGE, 1935-39

—	Stocks at Jan. 1	Production	Imports	Total supply	Exports	Used for canning	Used by non-civilians	Stocks at Dec. 31	Total civilian consumption	Civilian consumption per capita
	000 lb.	000 lb.	000 lb.	000 lb.	000 lb.	000 lb.	000 lb.	000 lb.	000 lb.	lb.
Average 1935-39	2,685	63,237	56	65,978	19,485	75	.....	2,963	43,455	3.9
1940	4,134	82,614	2	86,750	2,690	121	328	4,840	78,771	7.0
1941	4,840	95,307	2	100,149	6,094	303	448	6,674	86,627	7.7
1942	6,674	106,372	1	113,047	1,612	398	511	2,852	107,674	9.6
1943	2,852	119,884	.....	122,736	734	27	619	5,481	115,875	10.4
1944	5,481	140,753	1	146,234	32,310	13,022 ²	2,262	4,961	93,679	8.3
1945	4,961	94,328	1	99,289	3,110	8,990	1,000	972	85,217	7.5
1946	972	79,023	5,000 ³	84,995	442	2,694	500	1,459	79,900	6.6

¹ Not available separately; trade figures show a small amount of lard, lard compound and similar substances, cottolene and animal stearine of all kinds, n.o.p., grouped.

² Includes also lard used in shortening.

³ Estimated.

APPENDIX "B"

EXHIBIT No. 91

WARTIME PRICES AND TRADE BOARD

Administrator's Order No. A-2032

RESPECTING BEEF

Under powers given by the Wartime prices and Trade Board to the Administrator of Meat and Meat Products, it is hereby ordered as follows:

Introduction

1. This order comes into force on July 22, 1946. It replaces Board Orders No. 307 as amended and No. 635, which have been revoked.

For the purposes of this Order "beef" means fresh or frozen beef of one or other of the qualities defined in this Order. The word "sell" includes offer to sell.

All wholesale and retail prices fixed by this Order are the maximum or highest selling prices and must not be exceeded.

Part IX establishes fifteen zones and prices vary according to zones and the quality of beef. There are special provisions dealing with sales by persons in parts of Canada not included in the zones.

Index to Parts

Part I—General Provisions applying to Sales at Wholesale.

Part II—Wholesale Selling Prices.

Part III—General Provisions applying to Sales at Retail.

Part IV—Retail Selling Prices.

Part V—Records of Sales and Purchases.

Part VI—Extra Payments and Offences.

Part VII—Definitions of Qualities.

Part VIII—Definitions of all Wholesale Cuts.

Part IX—Zones.

PART I—GENERAL PROVISIONS APPLYING TO SALES AT WHOLESALE

Definitions

2. (1) "Sale at wholesale" means any sale except a sale at retail and "sell at wholesale" shall have a corresponding meaning.

(2) "Carcass" means a full dressed carcass of beef (including two fore quarters and two hind quarters) with the hide and tail removed, and from which, pursuant to Order No. 231 of the Board, the following have also been removed:

- (a) all internal fats adhering to the surface of the body cavity known as crotch (or pelvic) fat; and
- (b) the kidneys and all internal fats known as kidney fat and fat adhering to the tenderloin and flanks; and
- (c) all internal brisket fats, including fat in the heart area which does not adhere to the heart when the heart is removed; and
- (d) the cod fat, udder and udder (dug) fat.

TABLE VI: STOCKS OF MEAT AND LARD IN CANADA BY MONTHS 1945 TO DATE¹

(in thousands of pounds)

	Jan. 1	Feb. 1	Mar. 1	Apr. 1	May 1	June 1	July 1	Aug. 1	Sept. 1	Oct. 1	Nov. 1	Dec. 1
—												
Pork—												
1945.....	48,852	49,633	51,617	63,331	64,283	57,635	38,554	28,885	24,494	24,993	28,027	30,236
1946.....	33,072	37,229	41,528	50,731	58,397	57,797	51,943	40,213	25,986	18,403	26,618	33,637
1947.....	38,675	44,068	44,845	44,089	50,562	57,319	55,043	46,223	34,824	31,034	38,084	34,136
1948.....	57,483	76,337										
Beef—												
1945.....	31,831	35,154	29,805	29,665	21,684	16,052	13,317	14,222	19,504	33,935	35,957	42,278
1946.....	40,842	31,161	24,317	21,453	14,378	12,141	15,739	12,643	18,927	24,893	29,073	36,028
1947.....	30,642	23,708	18,235	16,042	16,370	14,836	12,566	14,511	19,268	11,977	13,910	38,988
1948.....	42,939	47,058										
Veal—												
1945.....	5,155	3,611	2,493	2,667	4,432	4,929	5,194	5,666	5,735	6,855	6,917	7,192
1946.....	5,384	3,339	1,855	2,086	3,389	3,471	3,530	3,847	4,146	4,035	4,659	4,980
1947.....	3,438	2,209	1,182	1,156	3,158	4,931	5,371	5,778	5,682	4,803	5,123	7,747
1948.....	6,743	5,412										
Mutton and Lamb—												
1945.....	6,930	5,996	4,403	3,213	1,956	921	835	1,162	2,296	4,329	6,291	7,815
1946.....	7,778	5,740	3,873	3,350	2,050	1,045	841	1,297	3,459	3,692	6,643	7,722
1947.....	7,072	5,593	3,859	2,848	2,188	1,722	1,403	1,525	2,295	2,025	2,670	7,987
1948.....	9,142	8,337										
Lard—												
1945.....	4,961	4,342	3,754	3,168	2,834	2,624	1,841	1,704	941	807	774	814
1946.....	972	926	1,517	1,432	1,435	1,295	1,035	838	696	595	978	1,190
1947.....	1,459	1,420	1,221	1,314	1,534	2,018	2,519	2,705	2,573	1,383	1,441	2,212
1948.....	3,447	3,566										

¹ Stocks July 1947 to February 1948 subject to revision.

(3) "Side" means one-half of a carcass and includes one fore quarter and one hind quarter.

(4) "Fore quarter" means the fore end of a side cut to include not more or less than eleven rib bones.

(5) "Hind quarter" means the hind end of a side cut to include not more or less than two rib bones.

(6) "Wholesale cut" means any of those bone-in or boneless portions of beef derived from a carcass, which are defined in Part VIII.

Wholesale Prices Include Delivery Except as Specified

3. Wholesale prices include delivery to the buyer's place of business except in the following cases:—

- (a) if delivery is by railway or by transshipment by railway, it is to be made at the railway station nearest to the buyer's place of business;
- (b) if delivery is by boat or by transshipment by boat, it is to be made on a dock at the boat's port of call nearest to the buyer's place of business;
- (c) if delivery is by express at the buyer's request the seller may add to his selling price the difference between freight and express charges, if he shows the difference as a separate item on his sales invoice;
- (d) if the sale is to a person in a part of Canada not included in a zone, the seller may add to his selling price the transportation cost from the shipping point to the point of delivery to the buyer, if such cost is shown as a separate item on his sales invoice.

Wholesalers Must Make Equitable Distribution

4. Every person who sells beef at wholesale shall equitably distribute his available supplies of beef among his customers at the delivery point referred to in Section 3. Where a customer operates a branch of his business or otherwise operates more than one place of business he shall be deemed to be a separate customer in respect of each branch or place of business operated by him, and delivery to him shall be made to the place of business therein designated by such customer or, if delivery is by railway or steamship, to the railway station or on the dock at port of call, as the case may be, nearest to such designated place of business.

Wholesale Beef Cutting Chart

5. The bone-in wholesale cuts defined in this Order are outlined on the Wholesale Beef Cutting Chart which is Chart No. 1 to this Order and every bone-in wholesale cut sold at wholesale shall be cut in accordance with that chart and the definitions of such wholesale cuts contained in Part VIII.

Restrictions on form in which Beef may be sold at Wholesale

6. No person shall sell or buy at wholesale any beef except one or more carcasses, sides, fore quarters, hind quarters or wholesale cuts as defined by this Order, and

- (a) in the case of wholesale cuts, only those wholesale cuts for which maximum prices have been prescribed by this Order; and
- (b) in the case of any carcass, side, fore quarter or hind quarter of boner beef only if authorized in writing by the Administrator of Meat and Meat Products.

Buyer's Permission Required for Substitution of Wholesale Cuts

7. No person selling beef at wholesale shall substitute any wholesale cuts for a carcass, side or quarter ordered by a buyer, unless the buyer has previously consented to the substitution.

Distinction Between Beef and Veal

8. Carcasses of cattle or calves having a weight in the carcass at the place of slaughter of more than 225 pounds with the hide removed or more than 250 pounds with the hide on, and all sides, quarters, and wholesale cuts derived from such carcasses shall, for the purpose of The Wartime Prices and Trade Regulations and this Order, be deemed to be beef and not veal.

PART II—WHOLESALE SELLING PRICES

Wholesale Prices for Carcasses, Sides and Quarters (by persons in zones)

9. The maximum price at which a person in a zone may sell at wholesale a carcass, a side or a quarter of any quality of beef shall be the price for the same set forth in Schedule "A" hereto for the zone in which the buyer's place of business is situated or, if it be situated in a part of Canada not included in a zone, for the zone in which the seller's place of business is situated.

Wholesale Prices For Major Wholesale Cuts (by persons in zones)

10. The maximum price at which a person in a zone may sell at wholesale a major wholesale cut listed in Schedule "D", "E", "F", "G", "H" or "J" hereto, of any quality of beef, shall be the price for the same set forth in the said Schedule "D", "E", "F", "G", "H" or "J" as the case may be, for the zone in which the buyer's place of business is situated, or if it be situated in a part of Canada not included in a zone, for the zone in which the seller's place of business is situated.

Wholesale Prices for Sundry Wholesale Cuts (by persons in zones)

11. The maximum price at which a person in a zone may sell at wholesale a sundry wholesale cut listed in Schedule "B" of any quality of beef shall be the price for the same as set forth in that Schedule for the zone in which the buyer's place of business is situated or, if it be situated in a part of Canada not included in a zone for the zone in which the seller's place of business is situated.

Wholesale Prices for Boneless Wholesale Cuts Derived From Boner Beef and Other Qualities if Listed in Schedule "C" (by persons in zones)

12. The maximum price at which a person in a zone may sell at wholesale a boneless wholesale cut listed in Schedule "C" of the quality therein specified, shall be the price for the same as set forth in the said Schedule for the zone in which the buyer's place of Business is situated or, if it be situated in a part of Canada not included in a zone for the zone in which the seller's place of business is situated.

Wholesale Prices on Sales by Persons not in Zones

13. The maximum price at which a person in any part of Canada not included in a zone, may sell or offer to sell at wholesale to any other person in any part of Canada any quality of carcass, side, quarter or wholesale cut of beef shall be such as may be approved or prescribed from time to time in writing by the said Administrator with the approval of the Chairman of the Board.

Kosher Beef

14. The maximum price at which any person may sell any kosher beef at wholesale shall be such as may be fixed from time to time by or on behalf of the Board.

PART III—GENERAL PROVISION APPLYING TO SALES AT RETAIL

Definitions

15. (1) "Primary cut" means any of the retail cuts of beef named and numbered from 1 to 20 (but not the lettered secondary cuts set forth thereunder) in Schedule "K", "L", "M", "O", "P" or "R" hereto as the case may be, and which are outlined and similarly numbered on the Retail Beef Cutting Chart which is Chart No. 2 to this Order.

(2) "Secondary cut" means a retail cut of beef (other than sirloin butt, strip loin and round bone shoulder roast) derived from a primary cut, and which is lettered and named in Schedule "K", "L", "M", "O", "P" or "R" hereto as the case may be, under the number and name of the primary cut from which it is derived.

(3) "Miscellaneous cut" means any of the miscellaneous retail cuts of beef named in Schedule "K", "L", "M", "O", "P" or "R" hereto as the case may be.

Cutting of Beef

16. (1) No person shall sell at retail any retail cut of beef unless it is a cut named in Schedule "K", "L", "M", "O", "P" or "R" hereto as the case may be.

(2) Every primary cut sold at retail shall be cut in accordance with the said Retail Beef Cutting Chart, and no person shall, for the purpose of selling beef at retail convert any primary cut into any retail cut except such cuts as are named in Schedule "K", "L", "M", "O", "P" or "R" hereto as the case may be.

(3) This Order does not prevent a person from selling at retail any wholesale cut in accordance with the provisions of Sections 23, 24 and 25.

Limitation on Retailer's Cost

17. (1) No person selling beef at retail in any zone shall buy or otherwise acquire, and no person shall buy or otherwise acquire on his behalf, any quality of carcass, side, quarter or wholesale cut of beef at a total delivered cost in excess of the lawful maximum price on sales at wholesale in that zone for that quality together with actual transportation charges from the railway station nearest to the buyer's place of business if delivery is by railway or if delivery is by steamship, from the dock at port of call nearest to his place of business.

(2) For the purpose of this Section,

(a) any person who acquires any cattle and slaughters them or causes them to be slaughtered for him shall be deemed to have acquired beef;

(b) any person selling beef at retail who operates a branch of his business or otherwise operates more than one place of business, shall in respect of each such branch or place of business be deemed to be a separate buyer of beef.

Kosher Beef

18. The maximum price at which any person may sell any kosher beef at retail shall be such as may be fixed from time to time by or on behalf of the Board.

Prices Subject to Review

19. The prices and markups of all persons selling beef at retail shall be subject to periodic examination by any authorized representative of the Board, and any such representative may apply such tests and require any person to submit to such beef cutting or other tests as may be authorized by the Board.

20. No person shall advertise the price at which he is offering any beef for sale at retail unless he also states the quality and name of the retail cut of such beef in the advertisement.

PART IV—RETAIL SELLING PRICES

Maximum Prices on Sales at Retail by Persons in Zones

21. (1) The maximum price at which a person in a zone may sell at retail any retail cut of beef (or portion thereof) listed in Schedule "K", "L", "M", "O", "P" or "R" hereto shall be the price for the same set forth in the said Schedule for that zone.

(2) Every person selling beef at retail shall obtain the beef retail price charts provided by the Board and shall display and keep them in his place of business where they are available to be seen and examined by his customers.

Sales of Wholesale Cuts to Consumers (by Persons in Zones)

22. (1) For the purpose of this Section "consumer" means a person who buys beef for his personal or household consumption.

(2) The maximum price at which a person may sell to a consumer in a zone a wholesale cut of any quality of beef shall be the sum of the following:

- (a) the price set forth for that cut in Schedule "D", "E", "F", "G", "H" or "J", as the case may be, according to the zone in which his place of business is situated, plus actual transportation charges from the railway station or steamship dock at port of call, as the case may be, nearest to his place of business; and
- (b) a markup not exceeding $12\frac{1}{2}$ per cent of his selling price.

Sales at Retail of Boner Beef in Zones

23. (1) No person shall sell any boner beef at retail except in one or other of the following forms:

- (a) Boneless Round Steak
- (b) Boneless Rib Roast (inner roll from 7 rib bones)
- (c) Boneless Sirloin Butt
- (d) Minute Steaks.

(2) The maximum price at which any person in any zone may sell at retail any boner beef in one of the forms set forth in subsection (1) shall be determined by regulating his selling price for the said cuts or portions of boner beef so that the aggregate price received or charged by him for all cuts and portions derived from any boner beef purchased or otherwise acquired by him shall not exceed the total of:

- (a) his lawful delivered cost of the boner beef purchased or acquired by him as fixed by Section 17 (except the difference between freight and express charges, if any, included in such cost); and
- (b) a markup not exceeding 25 per cent of his selling price.

Sales at Retail by Persons Not in Zones

24. Every person selling beef at retail in any part of Canada not in a zone shall regulate his selling prices for various cuts or portions of beef so that the aggregate price received or charged by him for all cuts and portions from any carcass, side, quarter or wholesale cut purchased or otherwise acquired by him shall not exceed the total of:

- (a) his actual delivered cost of that carcass, side, quarter or wholesale cut but not exceeding the price at which the same may be sold to him by his supplier including transportation to his place of business (except the difference between freight and express charges, if any, included in such cost); and
- (b) if he sells in the form of wholesale cuts, a markup not exceeding 12½ per cent of his selling price; or
- (c) if he sells in the form of retail cuts, a markup not exceeding 25 per cent of his selling price.

PART V—RECORD OF SALES AND PURCHASES

25. (1) Every person who sells beef at wholesale shall on every sale and concurrently with delivery to the buyer furnish him with an invoice showing:

- (a) the name and complete address of the seller and the buyer;
- (b) the weight and price per pound of the beef purchased by the buyer;
- (c) any freight or express charges that may be added to the price under the provisions of this Order;
- (d) the quality of the beef purchased (except in the case of sundry wholesale cuts) and whether it is a carcass, side, fore quarter, hind quarter, or wholesale cut and, if a wholesale cut, specifying accurately the name of the wholesale cut, and if the quality is Utility Beef (Bull), specifying that it is Bull Beef; provided that, in showing the quality of beef purchased, the following abbreviations may be used:

“Red” for Red Brand Beef;
“Blue” for Blue Brand Beef;
“Comm” for Commercial Beef;
“P.Q.” for Plain Beef;
“Ut.” for Utility Beef (Cow or Bull);
“C.Q.” for Cutter Beef; and
“Boner” for Boner Beef.

(2) Every person who sells beef at wholesale shall retain a duplicate copy of each invoice furnished by him as required by this Section.

26. Every person who sells beef at wholesale or at retail shall immediately upon receipt by him of such beef purchased or otherwise acquired by him prepare and shall thereafter keep at the place of business at which he receives the beef a written record showing:

- (a) the date of purchase or acquisition;
- (b) the name and complete address of his supplier;
- (c) the quality of beef purchased and whether the beef was purchased in the form of a carcass, side, quarter or wholesale cut and, if a wholesale cut, specifying accurately the wholesale cut;
- (d) the weight and actual price per pound of the beef purchased by him;
- (e) any freight or express charges that may be charged by his supplier; and
- (f) if a retailer, actual transportation charges, if any, from his receiving point to his place of business; and

- (g) in respect of beef acquired by him by slaughtering cattle or having cattle slaughtered for him, the name and complete address of his supplier of the cattle, the date of purchase, the weight and price paid for the cattle and, in the case of retailers, the quality and dressed weight of each carcass and its actual cost delivered to his place of business.

27. (1) If a person retains, available for inspection by any authorized representative of the Board, an invoice furnished to him by his supplier, it will not be necessary for him to keep any other record of the particulars set forth in the invoice.

(2) Every record and invoice required by this Order to be prepared, furnished or retained shall be made available for inspection by any authorized representative of the Board at all times for twelve months from the date of the transaction to which it relates.

28. Every person who sells beef at retail shall upon request of the buyer furnish him with an invoice or sales slip showing the date of sale, the seller's name and address, the weight and name of the retail cut and the price charged.

PART VI

Extra Payments are Part of Buying or Selling Price

29. Any commission, reward, premium or other payment or consideration of any kind in money or money's worth claimed, stipulated for, taken or made, directly or indirectly, by or to any person in connection with or arising out of a sale, purchase or transaction in beef shall be and form part of the price at which the beef is bought or sold.

Offences

30. It is an offence for any person to contravene or fail to observe any of the provisions of this Order and the offender is liable to prosecution under The Wartime Prices and Trade Regulations.

PART VII—DEFINITIONS OF QUALITIES

31. (1) "Red Brand" beef means beef obtained from the carcasses of cattle and each such carcass shall be in accordance with the following specifications:

- (i) it shall have a cold weight at the processor's plant of not less than 300 pounds;
- (ii) it shall be in accordance with specifications prescribed for Choice Beef (Red Brand) in the Regulations respecting the grading, branding and sale of branded beef passed under the authority of the Livestock and Livestock Products Act, 1939;
- (iii) it shall have been branded with the Red Brand in the manner provided by the said Regulations.

(2) "Blue Brand" beef means beef obtained from the carcasses of cattle and each such carcass shall be in accordance with the following specifications:

- (i) it shall be in accordance with specifications prescribed for good beef (Blue Brand) in the Regulations respecting the grading, branding and sale of branded beef passed under the authority of the Livestock and Livestock Products Act, 1939;
- (ii) it shall have been branded with the Blue Brand in the manner provided by the said Regulations.

(3) "Commercial" beef means beef obtained from the carcass of a steer, heifer or well fleshed heifery cow of good conformation which carcass shall be in accordance with the following specifications:

- (i) there shall be a good proportion of lean meat to bone;
- (ii) the chine bone shall show cartilages called "buttons" at least as far back on the carcass as the forth rib numbering from the front end;
- (iii) the exterior fat covering may vary from heavy to moderate and shall extend along the loins and ribs from the middle of the shoulders to the pin bone but need not cover the surface of the chucks or loins; provided that the exterior fat covering in the case of the carcass of a heifery cow may be more than that in the case of a steer or heifer but shall not be excessively wasty;
- (iv) the colour of the fat may vary from white to light yellow; and

it shall include beef obtained from the carcass of a steer or heifer of equal or better quality than described in this subsection and which has not been branded with the Red Brand or the Blue Brand.

(4) "Plain" beef means beef obtained from the carcass of a steer or heifer, which carcass shall be in accordance with the following specifications:

- (i) there shall be at least a medium proportion of lean meat to bone;
- (ii) the chine bone shall show "buttons" at least as far back on the carcass as the fourth rib numbering from the front end;
- (iii) there shall be some exterior fat covering portions of the surface on ribs and loins, which covering may be thin and patchy and may be white, whitish gray or light yellow in colour;
- (iv) the chucks and rounds may be without any fat covering.

(5) "Utility" beef means beef obtained from the carcasses of young to mature cows which carcasses shall be in accordance with the following specifications:

- (i) there shall be a good to fair proportion of lean meat to bone;
- (ii) the exterior fat covering may vary from little to abundant;
- (iii) the colour of the fat may vary from white to yellow

and also means beef from the carcasses of young to mature bulls, which carcasses shall be in accordance with the specifications set out in subsection (5) above for cow beef.

(6) "Cutter" beef means beef obtained from the carcass of steer or heifer, which carcass shall be in accordance with the following specifications:

- (i) there shall be a fair proportion of lean meat to bone;
- (ii) the exterior fat covering may be thin and uneven.

(7) "Boner" beef means beef obtained from the carcass of a cow, steer heifer or bull, which carcass shall be in accordance with the following specifications:

- (i) there may be a large proportion of bone to flesh;
- (ii) it may be without any exterior fats.

PART VIII—DEFINITIONS OF ALL WHOLESALE CUTS

32. (a) "*Bone-in cuts*" derived from hind quarters include:

(1) "flank" being that portion of the hind quarter obtained by starting at the front end of the hind quarter at a point not more than 12 inches from the inside of the chine bone (if there is any covering of fat on the inside of the chine bone the measurement must be taken from the bone itself and not from the fat) and cutting in a direct line through the hind quarter to a point

that exposes the knee-fold lymphatic gland and shall constitute 8 per cent to 9 per cent of the hind quarter by weight;

(2) "long loin" being that portion of the hind quarter from which the flank and back steak have been removed and consisting of the steak piece (or sirloin butt) and short loin and obtained by cutting crosswise from the first joint of the sacrum bone in a direct line to the joint where the flank terminates.

(3) "short loin" being that portion of a long loin from which the steak piece (or sirloin butt) has been removed and obtained by cutting crosswise at the pin bone and leaving not over one-half inch ($\frac{1}{2}$ ") of the pin bone on the short loin and from which the flank and back steak have been removed;

(4) "shell loin" being a short loin with the tenderloin and chine bone removed but with the rib bones left in;

(5) "steak piece" or "sirloin butt" being that portion of a long loin remaining after the short loin has been removed;

(6) "short hip" or "round" being that portion of the hind quarter remaining after the long loin and flank have been removed;

(7) "long hip" being that portion of the hind quarter remaining after the short loin and flank have been removed;

(b) "*bone-in cuts*" derived from the fore quarters include:

(1) "rack" being the upper part of the fore quarter obtained by starting from a point on the hind end of the fore quarter not more than 12 inches from the inside of the chine bone (if there is any covering of fat on the inside of the chine bone, the measurement must be taken from the bone itself and not from the fat) and cutting lengthwise in that direct line through to a point on the front end of the fore quarter which just leaves the knuckle bone in the shank;

(2) "rib (7 bones)" being that portion of the rack obtained by cutting crosswise in a direct line between the 7th and 8th rib bones numbering from the hind end of the fore quarter;

(3) "square cut chuck" or "Montreal block" being that portion of the rack remaining after the 7-bone rib cut has been removed;

(4) "shank" being the leg on the fore quarter cut off in a direct line to include the knuckle bone;

(5) "brisket point" being the lower front end portion of the fore quarter remaining after the shank and rack have been removed and obtained by cutting crosswise in a direct line between the 6th and 7th or the 7th and 8th rib bones numbering from the hind end of the fore quarter;

(6) "plate" being the lower hind end portion of the fore quarter remaining after the brisket point and shank have been removed;

(7) "triangle" or "Montreal crosscut" being the fore quarter in one piece from which the 7-bone rib cut has been removed;

(8) "cross cut" or "bottom end" being that portion of the fore quarter in one piece consisting of the square cut chuck, brisket point and shank;

(c) "*boneless beef cuts*" derived from hind quarters include:

(1) "flank" being the same cut as defined in item (1) of clause (a) of this section with bones, flank steak and surplus fat removed;

(2) "flank steak" being the piece of lean meat adhering to the inside surface of the bone-in flank;

(3) "strip loin" being that portion of the short loin lying above the rib bones;

(4) "tenderloin" or "fillet" being that piece of lean meat lying along the back bone on the underside or inside of the long loin with surplus fat removed;

(5) "steak piece" or "sirloin butt" being the same cut as defined in item (5) of clause (a) of this section with bones and tenderloin removed;

(6) "short hip" being the same cut as defined in item (6) of clause (a) of this section with bones removed;

(d) "boneless beef cuts" derived from the fore quarters include:

(1) "rib (7 bones)" being the same cut as defined in item (2) of clause (b) of this section with bones, fell, gristle at end of the vertebra known as the back strap and the meat between the rib bones known as fingers, removed;

(2) "square cut chuck" or "Montreal block" being the same cut as defined in item (3) of clause (b) of this section with bones and shoulder clod removed.

(3) "shoulder clod" being that portion of a bone-in square cut chuck lying above the blade bone;

(4) "brisket point" being the same cut as defined in item (5) of clause (b) of this section with bones, surplus fat and meat between the rib bones, known as fingers, removed;

(5) "plate" being the same cut as defined in item (6) of clause (b) of this section with bones removed.

(6) "shank" being the same cut as defined in item (4) of clause (b) of this section with bones removed.

(e) "boneless beef cuts" derived from boner beef (except as otherwise provided herein) include:

(1) "bull meat" being the boneless meat obtained from any portion of a bull carcass from which the surplus fat has been removed;

(2) "ham inside" being the boneless meat obtained from the inside part of the hip;

(3) "ham outside" being the boneless meat obtained from the outside part of the hip;

(4) "knuckle" being the boneless meat obtained from the hip after the ham inside and ham outside have been removed;

(5) "sirloin butt" being the boneless meat obtained from that part of the bone-in sirloin butt and hip remaining after the ham-set (ham inside, ham outside, and knuckle) have been removed;

(6) "boneless strip" being the boneless meat obtained from that portion of the short loin lying above the rib bones;

(7) "regular roll" being the boneless meat known as the eye of the rib obtained by removing the entire outer portion of the rib;

(8) "shoulder clod" being the boneless meat obtained from that portion of the bone-in square cut chuck lying above the blade bone;

(9) "chuck" being the boneless meat obtained from the square cut chuck after the shoulder clod has been removed;

(10) "trimmings" being the portions of boneless meat with surplus fat removed, obtained in the process of making bone-in or boneless cuts from any quality of beef;

(11) "minute steaks" being boneless meat obtained from strip loins of any quality of beef with all surplus fat and tissue removed by cutting, frenching or otherwise processing into thin steaks;

(12) "hamburger" being the boneless ground meat obtained from any quality of beef.

PART IX—ZONES

33. For the purposes of this Order, the following zones are established:

Zone 1; composed of

- (a) those parts of the province of Prince Edward Island, Nova Scotia, and New Brunswick, not included in Zone 2;
- (b) that part of the province of Quebec lying to the south of the St. Lawrence River and east of, and including all stations on, the Temiscouata Railway from Rivière du Loup to the boundary between the provinces of Quebec and New Brunswick;
- (c) that part of the province of Quebec included within the counties of Lac St. Jean and Chicoutimi;

Zone 2; composed of

the cities of Charlottetown, Halifax, Sydney, Moncton and Saint John and all points lying within a radius of twenty miles of the city hall in each of the said cities;

Zone 3; composed of

that part of the Province of Quebec, not included in Zones 1, 4 and 5, lying to the west of a line drawn from the mouth of the Saguenay River to the eastern boundary of Chicoutimi County and lying to the south of the Counties of Lac St. Jean, Chicoutimi, Temiskamingue and Abitibi;

Zone 4; composed of

- (a) the cities of Montreal and Quebec and all points lying within a radius of twenty-five miles of the city hall of Montreal and of twenty miles of the city hall in the city of Quebec;
- (b) the Island of Orleans;
- (c) the city of Hull and all points lying within a radius of twenty miles of the city hall in that city;

Zone 5; composed of

that part of the province of Ontario lying to the south and east of the French River and Lake Nipissing and to the south of, and including all railway stations from North Bay to Mattawa inclusive on the Canadian Pacific Railway and to the north and east of a line beginning at the St. Lawrence River and running northerly along the western boundary of the County of Frontenac to the 45th parallel of latitude, then westerly along the 45th parallel of latitude to the eastern boundary of the district of Muskoka, thence southerly to and westerly along the southern boundary of the District of Muskoka to Georgian Bay;

Zone 6; composed of

all that part of Southern Ontario not included in Zone 5;

Zone 7; composed of

- (a) that part of the province of Ontario not included in Zone 8 and lying to the south of, and including all railway stations from Goodwin to Weatherbe inclusive on the most northerly transcontinental line of the

Canadian National Railway, and north and west of the Canadian Pacific Railway line from Mattawa to North Bay, Lake Nipissing and the French River and east of the Nipigon River and Lake Nipigon, and including the District of Manitoulin;

- (b) that part of the province of Quebec included within the Counties of Temiskamingue and Abitibi;

Zone 8; composed of

the cities of Timmins, Sudbury, Sault Ste. Marie, Noranda and Rouyn and all points lying within a radius of twenty miles of the city hall in each of the said cities;

Zone 9; composed of

that part of the province of Ontario lying to the south of, and including all railway stations from Ferland to White, inclusive, on the most northerly transcontinental line of the Canadian National Railways, and lying to the west of the Nipigon River and Lake Nipigon;

Zone 10; composed of

that part of the province of Manitoba lying to the south of the 53rd parallel of latitude;

Zone 11; composed of

that part of the province of Saskatchewan lying to the south of the 54th parallel of latitude;

Zone 12; composed of

- (a) that part of the province of Alberta not included in Zone 13 and lying to the south of the 55th parallel of latitude;
- (b) that part of the province of British Columbia lying to the east of the line formed by the Elk River from its Source to its confluence with the Kootenay River and thence from such confluence along the Kootenay River to the southern boundary of the said province;
- (c) the city of Fernie;

Zone 13; composed of

- (a) in the province of Alberta, Edson and Lovett, and all railway stations on the Canadian National Railway west of Edson and Lovett and on the Canadian Pacific Railway west of Lake Louise;
- (b) that part of the province of British Columbia not included in Zones 12 and 14 and lying to the south of the 56th parallel of latitude excluding Vancouver Island, the Queen Charlotte Islands and all other islands lying off the coast of the said province and excluding all that part of the mainland coast of the said province lying to the north of the 50th parallel of latitude;

Zone 14; composed of

the cities of Prince Rupert, Nelson, Vancouver and New Westminster and all points lying within a radius of twenty miles of the city hall in the city of Vancouver;

Zone 15; composed of

all stations on any railroad on Vancouver Island, together with all that part of Vancouver Island lying to the south of a line from Port Alberni to Parksville.

PART X—CANNED BEEF PRODUCTS

Introduction

34. This part fixes the maximum prices at which the canned beef products listed in Schedule "S" hereto may be sold.

Definitions

35. For the purposes of this Order, "Canned Spiced Beef" means a beef product with or without veal and/or pork added which has been chopped, cured and seasoned, and solid packed in a hermetically sealed metal container and thoroughly cooked, and which conforms to the Regulations issued under the Food and Drugs Act.

Sales at Wholesale—Maximum Prices

36. The maximum price, sales tax included, at which any person in a zone may sell at wholesale any product listed in Schedule "S" hereto, shall, according to the size of the container, be the price for the same set forth in such Schedule for the zone in which the buyer's place of business is situated or, if it be situated in a part of Canada not included in a zone for the zone in which the seller has his place of business.

Sales at Retail—Maximum Prices

37. The maximum price at which any person may sell at retail any product listed in Schedule "S" hereto shall be the sum of the following:

- (a) his actual delivered cost of such product but not exceeding the maximum price at which the same may be sold to him by his supplier PLUS charges, if any, paid by him for the transportation of the product to his place of business from the railway station or dock, at port of call, nearest to his place of business, if delivery to him was by railway or boat (but not including the difference between freight and express charges, if any, included in such cost); and
- (b) the lesser of the two following markups:
 - (i) the markup which under the provisions of Board Order No. 450 corresponds to the lawful percentage markup customarily obtained by him during the basic period from September 15 to October 11, 1941, on sales of canned beef products of the same or substantially similar kind or quality;
 - (ii) the markup calculated according to the provisions of Board Order No. 450 and in Schedule "A" of that Order under the markup symbol "G" or, if the product was packed in a 6-pound container and is removed from the container and sold in slices or portions, under the markup symbol "J".

38. Sections 25, 26, 27 and 28 of this Order (Record of Sales and Purchases) shall apply to sales of any product to which this part applies except that the name of the product and the size of container in which it is packed, the quantity sold and the price charged, shall be shown on the invoice or sales slip required to be furnished and on the record required to be kept.

DATED at OTTAWA, this 10th day of July, 1946.

F. S. GRISDALE

Administrator of Meat and Meat Products

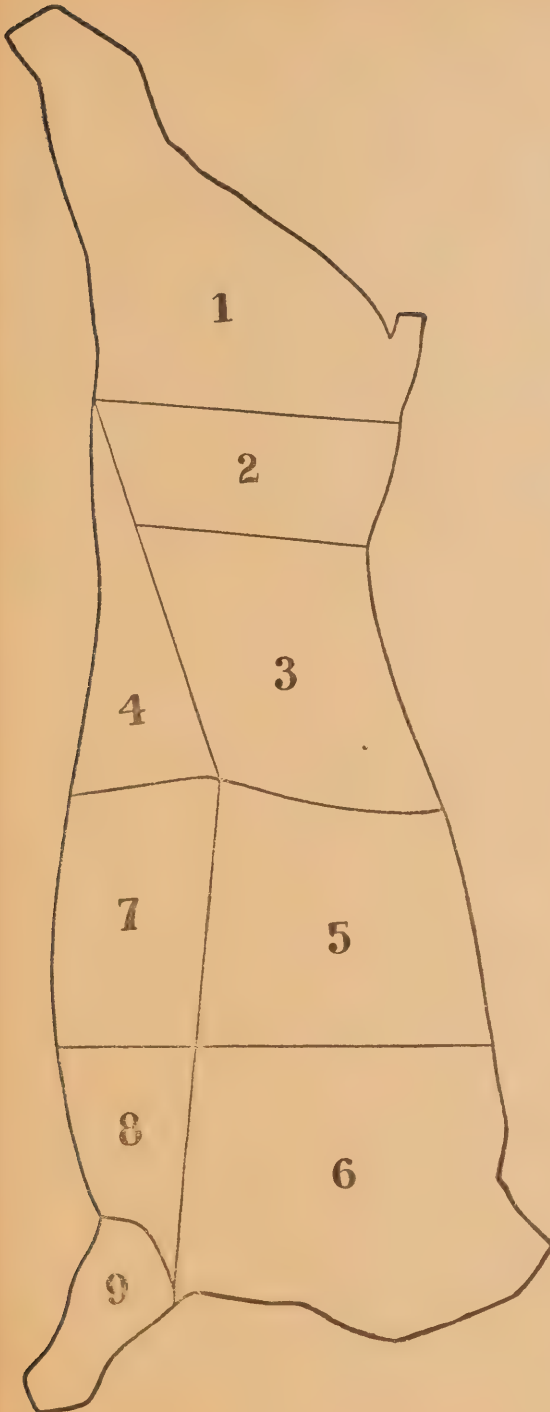
APPROVED:

D. GORDON,
Chairman,

Wartime Prices and Trade Board

CHART No. 1 TO ADMINISTRATOR'S ORDER No. A-2032

*Wholesale Beef Cutting Chart Showing
All Bone-in Wholesale Cuts*



No. 1 Short Hip or Round

No. 2 Steak Piece or Sirloin Butt

Nos. 1 & 2 Long Hip

No. 3 Short Loin

Nos. 2 & 3 Long Loin

No. 4 Flank

No. 5 Rib

No. 6 Square Cut Chuck or
Montreal Block

Nos. 5 & 6 Rack

No. 7 Plate

No. 8 Brisket Point

No. 9 Shank

Nos. 6, 7, 8 & 9 Triangle or
Montreal Crosscut

Nos. 6, 8 & 9 Bottom End or
Crosscut.

SCHEDULE "A" TO ADMINISTRATOR'S ORDER No. A-2032

Maximum Wholesale Prices (in cents per pound) by Zones for Carcasses, Sides and Quarters of the qualities of beef shown below.

ZONE	Red Brand	Blue Brand	Com- mercial	Plain	Utility	Cutter
(a) <i>Carcasses and Sides</i>						
1.....	24.00	23.00	22.00	19.75	18.75	18.25
2.....	23.50	22.50	21.50	19.25	18.25	17.75
3.....	23.50	22.50	21.50	19.50	18.50	18.00
4.....	23.00	22.00	21.00	19.00	18.00	17.50
5.....	23.50	22.50	21.50	19.00	18.00	17.50
6.....	23.00	22.00	21.00	18.50	17.50	17.00
7.....	23.50	22.50	21.50	19.50	18.50	18.00
8.....	23.00	22.00	21.00	19.00	18.00	17.50
9.....	22.50	21.50	20.50	18.50	17.50	17.00
10.....	21.75	20.75	19.75	17.75	16.75	16.25
11.....	21.25	20.25	19.25	17.75	16.75	16.25
12.....	21.25	20.25	19.25	17.75	16.75	16.25
13.....	22.50	21.50	20.50	19.00	18.00	17.50
14.....	22.25	21.25	20.25	18.75	17.75	17.25
15.....	22.75	21.75	20.75	19.25	18.25	17.75
(b) <i>Fore Quarters</i>						
Less than Maximum Carcass Price for each Zone by.....	5.00	5.00	4.50	4.00	4.00	4.00
(c) <i>Hind Quarters</i>						
More than Maximum Carcass Price for each Zone by.....	5.25	5.25	4.75	4.25	4.25	4.25

SCHEDULE "B" TO ADMINISTRATOR'S ORDER No. A-2032

Maximum Wholesale Prices (in cents per pound) by Zones for Sundry Wholesale Cuts of Beef.

Name of Cut	Derived from	Zones						
		11-12	10	14	9-13	15	4-8-6	2-3-5-7
Flank, Bone-in.....	Any Quality.....	10-25	10-75	11-25	11-50	11-75	12-00	12-50
Flank, Boneless.....	Any Quality.....	12-50	13-00	13-50	13-75	14-00	14-25	14-75
Flank Steak.....	Any Quality.....	21-25	21-75	22-25	22-50	22-75	23-00	23-50
No. 1 Tenderloin, weighing 5 lbs. and up.....	Any Quality.....	56-00	56-50	57-00	57-25	57-50	57-75	58-25
No. 2 Tenderloin, weighing 4-5 lbs.....	Any Quality.....	53-25	53-75	54-25	54-50	54-75	55-00	55-50
No. 3 Tenderloin, weighing less than 4 lbs.....	Any Quality.....	50-00	50-50	51-00	51-25	51-50	51-75	52-25
Shank, Bone-in.....	Any Quality.....	8-00	8-50	9-00	9-25	9-50	9-75	10-25
Shank, Boneless.....	Any Quality.....	14-75	15-25	15-75	16-00	16-25	16-50	17-00
No. 1 Brisket Point, Bone-in.....	Red, Blue and Comm.....	14-25	14-75	15-25	15-50	15-75	16-00	16-50
No. 2 Brisket Point, Bone-in.....	Plain, Utility and Cutter.....	11-75	12-25	12-75	13-00	13-25	13-50	14-00
No. 1 Brisket Point, Boneless.....	Red, Blue and Comm.....	21-50	22-00	22-50	22-75	23-00	23-25	23-75
No. 2 Brisket Point, Boneless.....	Plain, Utility and Cutter.....	17-50	18-00	18-50	18-75	19-00	19-25	19-75
Plate, Bone-in.....	Any Quality.....	10-25	10-75	11-25	11-50	11-75	12-00	12-50
Plate, Boneless.....	Any Quality.....	13-50	14-00	14-50	14-75	15-00	15-25	15-75

SCHEDULE "C" TO ADMINISTRATOR'S ORDER No. A-2032

Maximum Wholesale Prices (in cents per pound) by Zones for Boneless Wholesale Cuts derived from Boner Beef or other qualities as stated below.

Name of Cut	Derived from	Zones														
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Ham Inside.....	Boner Beef.....	24.75	24.25	24.00	23.50	24.00	23.75	24.00	23.50	23.00	22.25	21.75	21.50	22.75	22.50	23.00
Ham Outside.....	Boner Beef.....	24.25	23.75	23.50	23.00	23.50	23.25	23.50	23.00	22.50	21.75	21.25	21.00	22.25	22.00	22.50
Knuckle.....	Boner Beef.....	24.75	24.25	24.00	23.50	24.00	23.75	24.00	23.50	23.00	22.25	21.75	21.50	22.75	22.50	23.00
Regular Roll.....	Boner Beef.....	25.75	25.25	25.00	24.50	25.00	24.75	25.00	24.50	24.00	23.25	22.75	22.50	23.75	23.50	24.00
Boneless Strip.....	Boner Beef.....	24.75	24.25	24.00	23.50	24.00	23.75	24.00	23.50	23.00	22.25	21.75	21.50	22.75	22.50	23.00
Sirloin Butt.....	Boner Beef.....	22.75	22.25	22.00	21.50	22.00	21.75	22.00	21.50	21.00	20.25	19.75	19.50	20.75	20.50	21.00
Shoulder Clod.....	Boner Beef.....	22.50	22.00	21.75	21.25	21.75	21.50	21.75	21.25	20.75	20.00	19.50	19.25	20.50	20.25	20.75
Chuck.....	Boner Beef.....	20.25	19.75	19.50	19.00	19.50	19.25	19.50	19.00	18.50	17.75	17.25	17.00	18.25	18.00	18.50
Trimnings.....	Any Quality.....	19.25	18.75	18.50	18.00	18.50	18.25	18.50	18.00	17.50	16.75	16.25	16.00	17.25	17.00	17.50
Minute Steaks.....	Any Quality.....	32.25	31.75	31.50	31.00	31.50	31.25	31.50	31.00	30.50	29.75	29.25	29.00	30.25	30.00	30.50
Hamburger.....	Any Quality.....	22.25	21.75	21.50	21.00	21.50	21.25	21.50	21.00	20.50	19.75	19.25	19.00	20.25	20.00	20.50
Bullmeat.....	Boner Beef.....	20.25	19.75	19.50	19.00	19.50	19.25	19.50	19.00	18.50	17.75	17.25	17.00	18.25	18.00	18.50

SCHEDULE "D" TO ADMINISTRATOR'S ORDER No. A-2032

Prices (in cents per pound) for Major Wholesale Cuts of Red Brand Beef.

Name of Cut	Zones							
	11 12	10	14	9 13	15	4, 6, 8	2, 3, 5, 7	1
Hind Quarter								
BONE-IN CUTS—								
Long Hip.....	26.50	27.00	27.50	27.75	28.00	28.25	28.75	29.25
Short Hip.....	25.00	25.50	26.00	26.25	26.50	26.75	27.25	27.75
Long Loin.....	34.00	34.50	35.00	35.25	35.50	35.75	36.25	36.75
Short Loin.....	37.00	37.50	38.00	38.25	38.50	38.75	39.25	39.75
Shell Loin.....	39.75	40.25	40.75	41.00	41.25	41.50	42.00	42.50
Steak Piece.....	3.100	31.50	32.00	32.25	32.50	32.75	33.25	33.75
BONELESS CUTS—								
Short Hip.....	31.75	32.25	32.75	33.00	33.25	33.50	34.00	34.50
Strip Loin.....	45.75	46.25	46.75	47.00	47.25	47.50	48.00	48.50
Sirloin Butt.....	37.75	38.25	38.75	39.00	39.25	39.50	40.00	40.50
Fore Quarter								
BONE-IN CUTS—								
Triangle.....	14.50	15.00	15.50	15.75	16.00	16.25	16.75	17.25
Rack.....	19.50	20.00	20.50	20.75	21.00	21.25	21.75	22.25
Rib.....	26.25	26.75	27.25	27.50	27.75	28.00	28.50	29.00
Square Cut Chuck.....	16.75	17.25	17.75	18.00	18.25	18.50	19.00	19.50
Cross Cut Chuck.....	15.50	16.00	16.50	16.75	17.00	17.25	17.75	18.25
BONELESS CUTS—								
Rib.....	38.50	39.00	39.50	39.75	40.00	40.25	40.75	41.25
Square Cut Chuck.....	20.75	21.25	21.75	22.00	22.25	22.50	23.00	23.50
Shoulder Clod.....	21.75	22.25	22.75	23.00	23.25	23.50	24.00	24.50

SCHEDULE "E" TO ADMINISTRATOR'S ORDER No. A-2032

Prices (in cents per pound) for Major Wholesale Cuts of Blue Brand Beef.

Name of Cut	Zones							
	11 12	10	14	9 13	15	4, 6, 8	2, 3, 5, 7	1
Hind Quarter								
BONE-IN CUTS—								
Long Hip.....	25.50	26.00	26.50	26.75	27.00	27.25	27.75	28.25
Short Hip.....	24.00	24.50	25.00	25.25	25.50	25.75	26.25	26.75
Long Loin.....	33.00	33.50	34.00	34.25	34.50	34.75	35.25	35.75
Short Loin.....	36.00	36.50	37.00	37.25	37.50	37.75	38.25	38.75
Shell Loin.....	38.75	39.25	39.75	40.00	40.25	40.50	41.00	41.50
Steak Piece.....	30.00	30.50	31.00	31.25	31.50	31.75	32.25	32.75
BONELESS CUTS—								
Short Hip.....	30.75	31.25	31.75	32.00	32.25	32.50	33.00	33.50
Strip Loin.....	44.50	45.00	45.50	45.75	46.00	46.25	46.75	47.25
Sirloin Butt.....	36.25	36.75	37.25	37.50	37.75	38.00	38.50	39.00
Fore Quarter								
BONE-IN CUTS—								
Triangle.....	14.00	14.50	15.00	15.25	15.50	15.75	16.25	16.75
Rack.....	18.25	18.75	19.25	19.50	19.75	20.00	20.50	21.00
Rib.....	24.25	24.75	25.25	25.50	25.75	26.00	26.50	27.00
Square Cut Chuck.....	15.75	16.25	16.75	17.00	17.25	17.50	18.00	18.50
Cross Cut Chuck.....	14.75	15.25	15.75	16.00	16.25	16.50	17.00	17.50
BONELESS CUTS—								
Rib.....	35.50	36.00	36.50	36.75	37.00	37.25	37.75	38.25
Square Cut Chuck.....	19.50	20.00	20.50	20.75	21.00	21.25	21.75	22.25
Shoulder Clod.....	20.25	20.75	21.25	21.50	21.75	22.00	22.50	23.00

SCHEDULE "F" TO ADMINISTRATOR'S ORDER No. A-2032

Princes (in cents per pound) for Major Wholesale Cuts of Commercial Beef.

Name of Cut	Zones							
	11 12	10	14	9 13	15	4, 6, 8	2, 3, 5, 7	1
Hind Quarter								
BONE-IN CUTS—								
Long Hip.....	24.00	24.50	25.00	25.25	25.50	25.75	26.25	26.75
Short Hip.....	22.50	23.00	23.50	23.75	24.00	24.25	24.75	25.25
Long Loin.....	30.75	31.25	31.75	32.00	32.25	32.50	33.00	33.50
Short Loin.....	33.25	33.75	34.25	34.50	34.75	35.00	35.50	36.00
Shell Loin.....	35.00	35.50	36.00	36.25	36.50	36.75	37.25	37.75
Steak Piece.....	28.25	28.75	29.25	29.50	29.75	30.00	30.50	31.00
BONELESS CUTS—								
Short Hip.....	28.75	29.25	29.75	30.00	30.25	30.50	31.00	31.50
Strip Loin.....	40.25	40.75	41.25	41.50	41.75	42.00	42.50	43.00
Sirloin Butt.....	33.25	33.75	34.25	34.50	34.75	35.00	35.50	36.00
Fore Quarter								
BONE-IN CUTS—								
Triangle.....	13.75	14.25	14.75	15.00	15.25	15.50	16.00	16.50
Rack.....	17.50	18.00	18.50	18.75	19.00	19.25	19.75	20.25
Rib.....	22.25	22.75	23.25	23.50	23.75	24.00	24.50	25.00
Square Cut Chuck.....	15.25	15.75	16.25	16.50	16.75	17.00	17.50	18.00
Cross Cut Chuck.....	14.50	15.00	15.50	15.75	16.00	16.25	16.75	17.25
BONELESS CUTS—								
Rib.....	32.50	33.00	33.50	33.75	34.00	34.25	34.75	35.25
Square Cut Chuck.....	19.00	19.50	20.00	20.25	20.50	20.75	21.25	21.75
Shoulder Clod.....	19.75	20.25	20.75	21.00	21.25	21.50	22.00	22.50

SCHEDULE "G" TO ADMINISTRATOR'S ORDER No. A-2032

Maximum Wholesale Prices (in cents per pound) by zones for major wholesale cuts of Plain Beef.

Name of cut	Zones						
	10, 11 12	6 9	14	4, 5 8, 13	2 15	3 7	1
Hind Quarter							
BONE-IN CUTS—							
Long Hip.....	22.50	23.25	23.50	23.75	24.00	24.25	24.50
Short Hip.....	21.75	22.50	22.75	23.00	23.25	23.50	23.75
Long Loin.....	26.75	27.50	27.75	28.00	28.25	28.50	28.75
Short Loin.....	29.25	30.00	30.25	30.50	30.75	31.00	31.25
Steak Piece.....	24.25	25.00	25.25	25.50	25.75	26.00	26.25
Fore Quarter							
BONE-IN CUTS—							
Triangle.....	13.00	13.75	14.00	14.25	14.50	14.75	15.00
Rack.....	16.00	16.75	17.00	17.25	17.50	17.75	18.00
Rib.....	19.25	20.00	20.25	20.50	20.75	21.00	21.25
Square Cut Chuck.....	14.75	15.50	15.75	16.00	16.25	16.50	16.75
Cross Cut Chuck.....	13.75	14.50	14.75	15.00	15.25	15.50	15.75

SCHEDULE "H" TO ADMINISTRATOR'S ORDER No. A-2032

Maximum Wholesale Prices (in cents per pound) by Zones for Major Wholesale Cuts of Utility Beef.

Name of cut	Zones						
	10, 11 12	6 9	14	4, 5 8, 13	2 15	3 7	1
Hind Quarter							
BONE-IN CUTS—							
Long Hip.....	21.50	22.25	22.50	22.75	23.00	23.25	23.50
Short Hip.....	21.25	22.00	22.25	22.50	22.75	23.00	23.25
Long Loin.....	24.75	25.50	25.75	26.00	26.25	26.50	26.75
Short Loin.....	27.25	28.00	28.25	28.50	28.75	29.00	29.25
Shell Loin.....	27.50	28.50	28.75	29.00	29.25	29.50	29.75
Steak Piece.....	22.25	23.00	23.25	23.50	23.75	24.00	24.25
BONELESS CUTS—							
Short Hip.....	26.75	27.50	28.00	28.25	28.50	28.75	29.25
Strip Loin.....	31.25	32.50	32.75	33.00	33.50	33.75	34.00
Steak Piece.....	24.00	25.00	25.25	25.50	25.75	26.25	26.50
Fore Quarter							
BONE-IN CUTS—							
Triangle.....	12.50	13.25	13.50	13.75	14.00	14.25	14.50
Rack.....	14.50	15.25	15.50	15.75	16.00	16.25	16.50
Rib.....	16.75	17.50	17.75	18.00	18.25	18.50	18.75
Square Cut Chuck.....	13.50	14.25	14.50	14.75	15.00	15.25	15.50
Cross Cut Chuck.....	13.00	13.75	14.00	14.25	14.50	14.75	15.00
BONELESS—							
Rib.....	23.75	24.75	25.00	25.25	25.75	26.00	26.25

SCHEDULE "J" TO ADMINISTRATOR'S ORDER No. A-2032

Maximum Wholesale Prices (in cents per pound) by Zones for Major Wholesale Cuts of Cutter Beef

Name of cut	Zones						
	10, 11 12	6 9	14	4, 5 8, 13	2 15	3 7	1
Hind Quarter							
BONE-IN CUTS—							
Long Hip.....	22.00	22.75	23.00	23.25	23.50	23.75	24.00
Short Hip.....	21.00	21.75	22.00	22.25	22.50	22.75	23.00
Long Loin.....	23.75	24.50	24.75	25.00	25.25	25.50	25.75
Fore Quarter							
BONE-IN CUTS—							
Rib.....	17.75	18.50	18.75	19.00	19.25	19.25	19.50

SCHEDULE "K" TO ADMINISTRATOR'S ORDER No. A-2032

Maximum Retail Prices (in cents per pound) for Authorized Retail Cuts of Beef.

RED BRAND

AUTHORIZED CUTS Primary Cuts Indicated by Num- bers and Secondary Cuts Indicated by Letters	Zones							
	1	2, 3 5, 7	4, 6 8	15	9 13	14	10	11 12
1. Shank, Hind Quarter (Bone- less).....	28	28	27	27	26	26	25	24
2. Round Steak or Roast.....	48	46	46	45	45	44	44	43
(a) Round Steak or Roast (Boneless).....	50	48	48	47	47	46	46	45
(b) Minced Round Steak.....	50	48	48	47	47	46	46	45
3. Rump Roast, Round or Square End.....	48	46	46	45	45	45	44	42
4. Sirloin Tip (Boneless).....	50	49	48	47	47	47	45	45
(a) Cubed Sirloin Tip (Bone- less).....	56	55	54	53	53	53	51	51
5. Sirloin Steak or Roast.....	53	52	50	50	49	49	48	48
(a) Sirloin Butt (Boneless)....	55	54	52	52	51	51	50	50
6. Flank Steak (Boneless).....	36	35	34	34	34	33	33	33
7. Flank, Trimmed.....	19	18	18	17	17	17	16	15
8. Porterhouse Steak or Roast....	58	57	56	56	56	55	54	53
9. T-Bone Steak or Roast.....	58	57	56	56	56	55	54	53
10. Wing Steak or Roast.....	54	53	52	52	51	51	50	49
(a) Strip Loin (Boneless).....	65	64	63	63	63	62	61	60
11. Rib Roast, 7 Rib-Bones Whole. (a) Rib Roast, 7 Rib-Bones (Boneless and Rolled Whole).....	37	36	35	35	34	34	32	31
(b) Prime Rib Roast, 5 Rib- Bones.....	49	48	47	47	46	46	44	43
(c) Prime Rib Roast, 5 Rib- Bones (Boneless and Rol- led).....	39	38	37	37	36	36	34	33
(d) Rib Roast, 6th and 7th Rib-Bones.....	51	50	49	49	48	48	46	44
(e) Rolled Rib Roast, 6th and 7th Rib-Bones, Inside Roll (Boneless).....	34	33	32	32	31	31	29	28
(f) Rolled Rib Roast, 6th and 7th Rib-Bones, Outside Roll (Boneless).....	51	50	49	49	48	48	46	44
12. Short Ribs, Braising.....	38	37	36	36	35	35	33	32
13. Plate Brisket.....	19	18	17	16	16	16	16	16
(a) Plate Brisket (Boneless and Rolled).....	18	17	17	16	16	15	15	15
14. Brisket Point.....	23	22	22	21	21	21	21	19
(a) Brisket Point (Boneless and Rolled).....	17	16	16	15	15	15	15	14
15. Rolled Shoulder (Boneless)....	28	27	27	26	25	25	25	24
(a) Round Bone Shoulder Roast.....	28	27	27	26	26	26	25	24
16. Short or Cross Rib Roast.....	29	28	27	27	27	26	26	25
17. Blade Roast.....	35	34	32	32	31	31	29	28
(a) Blade Roast, Blade Bone and Back Strap Remov- ed.....	31	30	28	28	28	27	27	26
18. Chuck Roast.....	33	32	30	30	30	29	29	28
(a) Chuck Roast (Boneless)....	28	27	26	26	26	25	25	24
19. Neck (Boneless).....	32	31	30	30	30	29	29	28
20. Shank, Front Quarter.....	26	25	25	24	24	24	24	23
(a) Shank, Knuckle End.....	15	14	14	14	14	13	13	13
(b) Shank, Centre Cut.....	12	11	11	11	11	10	10	10
(c) Shank Meat (Boneless)....	22	21	21	21	21	20	20	20
	26	25	25	25	24	24	24	23
Miscellaneous Retail Cuts								
Stewing Meat (Boneless).....	26	25	25	25	24	24	24	23
Hamburger.....	26	25	25	25	24	24	24	23
Tenderloin.....	80	80	75	75	75	75	75	75

SCHEDULE "L" TO ADMINISTRATOR'S ORDER No. A-2032

Maximum Retail Prices (in cents per pound) for Authorized Retail Cuts of Beef.

BLUE BRAND

AUTHORIZED CUTS Primary Cuts Indicated by Num- bers and Secondary Cuts Indicated by Letters	Zones							
	1	2, 3 5, 7	4, 6 8	15	9 13	14	10	11 12
1. Shank, Hind Quarter (Bone- less).....	27	26	25	25	25	24	24	23
2. Round Steak or Roast.....	46	45	44	44	43	43	42	41
(a) Round Steak or Roast (Boneless).....	48	47	46	46	45	45	44	43
(b) Minced Round Steak.....	48	47	46	46	45	45	44	43
3. Rump Roast, Round or Square End.....	46	45	44	44	43	42	41	41
4. Sirloin Tip (Boneless).....	48	47	46	45	45	45	45	43
(a) Cubed Sirloin Tip (Bone- less).....	54	53	52	51	51	51	51	49
5. Sirloin Steak or Roast.....	51	49	49	48	48	48	47	46
(a) Sirloin Butt (Boneless).....	53	51	51	50	50	50	49	48
6. Flank Steak (Boneless).....	35	34	33	33	33	33	32	32
7. Flank, Trimmed.....	18	17	16	16	15	15	14	14
8. Porterhouse Steak or Roast.....	57	56	55	54	54	53	52	51
9. T-Bone Steak or Roast.....	57	56	55	54	54	53	52	51
10. Wing Steak or Roast.....	53	51	51	50	50	49	49	49
(a) Strip Loin (Boneless).....	64	63	62	61	61	60	59	58
11. Rib Roast, 7 Rib-Bones Whole. (a) Rib Roast, 7 Rib-Bones (Boneless and Rolled Whole).....	35	34	33	32	32	31	30	29
(b) Prime Rib Roast, 5 Rib- Bones.....	47	46	45	44	44	43	41	40
(c) Prime Rib Roast, 5 Rib- Bones (Boneless and Rol- led).....	38	36	35	34	34	33	32	31
(d) Rib Roast, 6th and 7th Rib-Bones.....	50	48	47	46	46	44	43	41
(e) Rolled Rib Roast, 6th and 7th Rib-Bones, Inside Roll (Boneless).....	33	31	30	29	29	28	27	26
(f) Rolled Rib Roast, 6th and 7th Rib-Bones, Outside Roll (Boneless).....	50	48	47	46	46	44	43	41
12. Short Ribs, Braising.....	37	35	34	33	33	32	31	30
13. Plate Brisket.....	17	16	16	16	16	16	15	14
(a) Plate Brisket (Boneless and Rolled).....	17	16	15	15	15	15	14	14
14. Brisket Point.....	22	21	21	21	21	19	19	19
(a) Brisket Point (Boneless and Rolled).....	16	15	15	15	14	14	14	13
15. Rolled Shoulder (Boneless).....	27	25	25	25	25	24	24	23
(a) Round Bone Shoulder Roast.....	27	26	25	25	24	24	23	22
16. Short or Cross Rib Roast.....	27	27	26	26	25	25	24	24
17. Blade Roast.....	33	31	30	29	29	28	27	26
(a) Blade Roast, Blade Bone and Back Strap Remov- ed.....	29	28	27	27	26	26	25	24
18. Chuck Roast.....	31	30	29	29	28	28	27	26
(a) Chuck Roast (Boneless).....	26	26	25	25	24	24	23	23
19. Neck (Boneless).....	30	30	29	29	28	28	27	27
20. Shank, Front Quarter.....	25	24	24	24	23	23	23	22
(a) Shank, Knuckle End.....	14	14	13	13	13	13	13	13
(b) Shank, Centre Cut.....	11	11	10	10	10	10	10	10
(c) Shank Meat (Boneless).....	21	21	20	20	20	20	20	20
(c) Shank Meat (Boneless).....	25	24	24	24	24	23	23	22
Miscellaneous Retail Cuts								
Stewing Meat (Boneless).....	25	24	24	24	24	23	23	22
Hamburger.....	25	24	24	24	24	23	23	22
Tenderloin.....	75	75	75	75	75	75	75	75

SCHEDULE "M" TO ADMINISTRATOR'S ORDER No. A-2032

Maximum Retail Prices (in cents per pound) for Authorized Retail Cuts of Beef.

COMMERCIAL

AUTHORIZED CUTS Primary Cuts Indicated by Num- bers and Secondary Cuts Indicated by Letters	Zones							
	1	2, 3 5, 7	4, 6 8	15	9 13	14	10	11 12
1. Shank, Hind Quarter (Bone- less).....	26	25	24	24	24	23	22	21
2. Round Steak or Roast.....	45	43	42	41	41	40	39	39
(a) Round Steak or Roast (Boneless).....	47	45	44	43	43	42	41	41
(b) Minced Round Steak.....	47	45	44	43	43	42	41	41
3. Rump Roast, Round or Square End.....	44	42	41	41	40	40	39	38
4. Sirloin Tip (Boneless).....	46	44	44	44	44	44	42	41
(a) Cubed Sirloin Tip (Bone- less).....	52	50	50	50	50	50	48	47
5. Sirloin Steak or Roast.....	48	46	46	45	45	45	44	43
(a) Sirloin Butt (Boneless).....	50	48	48	47	47	47	46	45
6. Flank Steak (Boneless).....	35	34	33	33	33	33	32	32
7. Flank, Trimmed.....	18	17	16	16	15	15	14	14
8. Porterhouse Steak or Roast....	51	50	49	49	48	48	48	47
9. T-Bone Steak or Roast.....	51	50	49	49	48	48	48	47
10. Wing Steak or Roast.....	49	48	47	47	46	46	46	45
(a) Strip Loin (Boneless).....	58	57	56	56	55	55	55	54
11. Rib Roast, 7 Rib-Bones Whole	33	33	32	31	31	30	30	29
(a) Rib Roast, 7 Rib-Bones (Boneless and Rolled Whole).....	45	45	44	43	43	41	41	40
(b) Prime Rib Roast, 5 Rib- Bones.....	36	35	34	33	33	32	32	31
(c) Prime Rib Roast, 5 Rib- Bones (Boneless and Rolled).....	48	47	46	44	44	43	43	41
(d) Rib Roast, 6th and 7th Rib-Bones.....	30	30	29	28	28	27	27	26
(e) Rolled Rib Roast, 6th and 7th Rib-Bones, Inside Roll (Boneless).....	48	47	46	44	44	43	43	41
(f) Rolled Rib Roast, 6th and 7th Rib-Bones, Outside Roll (Boneless).....	35	34	33	32	32	31	31	30
12. Short Ribs, Braising.....	17	16	16	16	16	16	15	14
13. Plate Brisket.....	17	16	15	15	15	15	14	14
(a) Plate Brisket (Boneless and Rolled).....	22	21	21	21	20	19	18	18
14. Brisket Point.....	16	15	15	15	14	14	14	13
(a) Brisket Point (Boneless and Rolled).....	27	25	25	25	25	24	23	23
15. Rolled Shoulder (Boneless)....	26	25	25	25	24	24	23	22
(a) Round Bone Shoulder Roast.....	27	26	26	26	25	25	24	24
16. Short or Cross Rib Roast.....	33	31	30	29	29	28	27	26
17. Blade Roast.....	29	27	27	27	26	26	25	24
(a) Blade Roast, Blade Bone and Back Strap Removed.	31	29	29	29	28	28	27	26
18. Chuck Roast.....	26	25	25	25	24	24	23	23
(a) Chuck Roast (Boneless)....	30	29	29	29	28	28	27	27
19. Neck (Boneless).....	25	24	24	24	23	23	22	21
20. Shank, Front Quarter.....	14	13	13	13	13	13	12	11
(a) Shank, Knuckle End.....	10	9	9	9	9	9	8	7
(b) Shank, Centre Cut.....	20	19	19	19	19	19	18	17
(c) Shank Meat (Boneless).....	25	24	24	24	24	23	22	21
Miscellaneous Retail Cuts								
Stewing Meat (Boneless).....	24	23	23	23	23	23	22	21
Hamburger.....	24	23	23	23	23	23	22	21
Tenderloin.....	75	75	75	75	75	75	75	75

SCHEDULE "O" TO ADMINISTRATOR'S ORDER No. A2032

Maximum Retail Prices (in cents per pound) for Authorized Retail Cuts of Beef.

PLAIN

AUTHORIZED CUTS Primary Cuts Indicated by Numbers and Secondary Cuts Indicated by Letters	Zones						
	1	3 7	2 15	4, 5 8, 13	14	6 9	10, 11 12
1. Shank, Hind Quarter (Boneless).....	21	21	21	20	20	20	19
2. Round Steak or Roast.....	39	38	38	37	37	36	36
(a) Round Steak or Roast (Boneless).....	41	40	40	39	39	38	38
(b) Minced Round Steak.....	41	40	40	39	39	38	38
3. Rump Roast, Round or Square End.....	38	38	38	37	37	36	35
4. Sirloin Tip (Boneless).....	41	41	40	40	40	40	38
(a) Cubed Sirloin Tip (Boneless).....	47	47	46	46	46	46	44
5. Sirloin Steak or Roast.....	43	43	42	42	41	41	39
(a) Sirloin Butt (Boneless).....	43	43	42	42	41	41	39
6. Flank Steak (Boneless).....	32	31	31	30	30	30	29
7. Flank, Trimmed.....	14	14	13	13	13	12	11
8. Porterhouse Steak or Roast.....	47	47	46	46	45	45	44
9. T-Bone Steak or Roast.....	47	47	46	46	45	45	44
10. Wing Steak or Roast.....	45	44	44	44	43	43	41
(a) Strip Loin (Boneless).....	47	46	46	46	46	46	45
11. Rib Roast, 7 Rib-Bones Whole.....	30	30	30	29	29	29	28
(a) Rib Roast, 7 Rib-Bones (Boneless and Rolled Whole).....	41	41	41	40	40	40	39
(b) Prime Rib Roast, 5 Rib-Bones.....	32	32	32	31	31	31	30
(c) Prime Rib Roast, 5 Rib-Bones (Boneless and Rolled).....	43	43	43	41	41	41	40
(d) Rib Roast, 6th and 7th Rib-Bones.....	27	27	27	26	26	26	25
(e) Rolled Rib Roast, 6th and 7th Rib-Bones, Inside Roll (Boneless).....	43	43	43	41	41	41	40
(f) Rolled Rib Roast, 6th and 7th Rib-Bones, Outside Roll (Boneless).....	31	31	31	30	30	30	29
12. Short Ribs, Braising.....	17	16	15	15	15	14	12
13. Plate Brisket.....	15	14	14	14	14	13	12
(a) Plate Brisket (Boneless and Rolled).....	20	18	18	18	18	17	16
14. Brisket Point.....	15	14	14	14	13	13	11
(a) Brisket Point (Boneless and Rolled).....	25	23	23	23	23	21	19
15. Rolled Shoulder (Boneless).....	25	24	23	23	22	22	20
(a) Round Bone Shoulder Roast.....	26	25	25	25	25	24	23
16. Short or Cross Rib Roast.....	29	29	29	28	28	27	26
17. Blade Roast.....	26	25	25	25	25	25	24
(a) Blade Roast, Blade Bone and Back Strap Re- moved.....	28	27	27	27	27	27	26
18. Chuck Roast.....	25	24	24	24	24	23	22
(a) Chuck Roast (Boneless).....	29	28	28	28	28	27	26
19. Neck (Boneless).....	23	23	22	22	21	21	20
20. Shank, Front Quarter.....	13	13	12	12	11	11	10
(a) Shank, Knuckle End.....	9	9	8	8	7	7	6
(b) Shank, Centre Cut.....	19	19	18	18	17	17	16
(c) Shank Meat (Boneless).....	21	21	21	20	20	20	19
Miscellaneous Retail Cuts							
Stewing Meat (Boneless).....	23	23	22	22	21	20	20
Hamburger.....	23	23	22	22	21	20	20
Tenderloin.....	70	70	70	70	70	70	70

SCHEDULE "P" TO ADMINISTRATOR'S ORDER No. A-2032

Maximum Retail Prices (in cents per pound) for Authorized Retail Cuts of Beef.

UTILITY

AUTHORIZED CUTS Primary Cuts Indicated by Numbers and Secondary Cuts Indicated by Letters	Zones						
	1	3 7	2 15	4, 5 8, 13	14	6 9	10, 11 12
1. Shank, Hind Quarter (Boneless).....	20	20	20	20	19	19	19
2. Round Steak or Roast.....	37	36	36	36	36	35	34
(a) Round Steak or Roast (Boneless).....	39	38	38	38	38	37	36
(b) Minced Round Steak.....	39	38	38	38	38	37	36
3. Rump Roast, Round or Square End.....	37	36	36	36	35	35	34
4. Sirloin Tip (Boneless).....	40	40	39	38	38	38	36
(a) Cubed Sirloin Tip (Boneless).....	46	46	45	44	44	44	42
5. Sirloin Steak or Roast.....	31	41	40	39	39	38	37
(a) Sirloin Butt (Boneless).....	41	41	40	29	39	38	37
6. Flank Steak (Boneless).....	30	30	30	30	39	29	28
7. Flank, Trimmed.....	13	12	12	12	11	11	10
8. Porterhouse Steak or Roast.....	45	45	45	44	44	44	42
9. T-Bone Steak or Roast.....	45	45	45	44	44	44	42
10. Wing Steak or Roast.....	43	43	42	42	41	40	39
(a) Strip Loin (Boneless).....	46	46	46	45	45	44	43
11. Rib Roast, 7 Rib-Bones Whole.....	29	29	28	28	28	27	26
(a) Rib Roast, 7 Rib-Bones (Boneless and Rolled Whole).....	40	40	39	39	39	37	36
(b) Prime Rib Roast, 5 Rib-Bones.....	31	31	30	30	30	29	28
(c) Prime Rib Roast, 5 Rib-Bones (Boneless and Rolled).....	41	41	40	40	40	39	37
(d) Rib Roast, 6th and 7th Rib-Bones.....	26	26	25	25	25	24	23
(e) Rolled Rib Roast, 6th and 7th Rib-Bones, Inside Roll (Boneless).....	41	41	40	40	40	39	37
(f) Rolled Rib Roast, 6th and 7th Rib-Bones, outside Roll (Boneless).....	30	30	29	29	29	27	26
12. Short Ribs, Braising.....	15	14	14	13	12	12	12
13. Plate Brisket.....	14	13	13	13	12	12	12
(a) Plate Brisket (Boneless and Rolled).....	18	17	17	17	16	16	16
14. Brisket Point.....	13	13	12	12	11	11	11
(a) Brisket Point (Boneless and Rolled).....	23	21	21	21	19	19	19
15. Rolled Shoulder (Boneless).....	22	22	22	21	20	20	18
(a) Round Bone Shoulder Roast.....	25	24	24	23	23	23	20
16. Short or Cross Rib Roast.....	28	27	27	27	26	26	24
17. Blade Roast.....	25	25	24	24	24	23	21
(a) Blade Roast, Blade Bone and Back Strap Removed.....	27	27	26	26	26	25	23
18. Chuck Roast.....	24	23	23	22	22	22	19
(a) Chuck Roast (Boneless).....	28	27	27	26	26	26	23
19. Neck (Boneless).....	21	21	21	20	20	20	19
20. Shank, Front Quarter.....	11	11	11	10	10	10	10
(a) Shank, Knuckle End.....	7	7	7	6	6	6	6
(b) Shank, Centre Cut.....	17	17	17	16	16	16	16
(c) Shank Meat (Boneless).....	20	20	20	19	19	19	19
Miscellaneous Retail Cuts							
Stewing Meat (Boneless).....	21	20	20	20	20	20	18
Hamburger.....	21	20	20	20	20	20	18
Tenderloin.....	70	70	70	70	70	70	70

Folio 127

SCHEDULE "R" TO ADMINISTRATOR'S ORDER No. A-2032

Maximum Retail Prices (in cents per pound) for Authorized Retail Cuts of Beef.

CUTTER

AUTHORIZED CUTS Primary Cuts Indicated by Numbers and Secondary Cuts Indicated by Letters	Zones						
	1	3 7	2 15	4,5 8,13	14	6 9	10,11 12
1. Shank, Hind Quarter (Boneless).....	20	20	19	19	19	19	19
2. Round Steak or Roast.....	26	36	36	35	35	34	32
(a) Round Steak or Roast (Boneless).....	38	38	38	37	37	36	35
(b) Minced Round Steak.....	38	38	38	37	37	36	35
3. Rump Roast, Round or Square End.....	36	36	35	35	34	34	33
4. Sirloin Tip (Boneless).....	39	38	38	38	37	36	35
(a) Cubed Sirloin Tip (Boneless).....	45	44	44	44	43	42	40
5. Sirloin Steak or Roast.....	40	39	39	38	38	38	36
(a) Sirloin Butt (Boneless).....	40	39	39	38	38	38	36
6. Flank Steak (Boneless).....	30	30	29	29	29	29	28
7. Flank, Trimmed.....	12	12	11	11	11	11	10
8. Porterhouse Steak or Roast.....	45	44	44	44	43	43	42
9. T-Bone Steak or Roast.....	45	44	44	44	43	43	42
10. Wing Steak or Roast.....	42	42	41	40	40	40	39
(a) Strip Loin (Boneless).....	46	45	45	44	44	43	43
11. Rib Roast, 7 Rib-Bones Whole.....	28	28	28	27	27	26	25
(a) Rib Roast, 7 Rib-Bones (Boneless and Rolled Whole).....	39	39	39	37	37	36	35
(b) Prime Rib Roast, 5 Rib-Bones.....	30	30	30	29	29	28	27
(c) Prime Rib Roast, 5 Rib-Bones (Boneless and Rolled).....	40	40	40	39	39	37	36
(d) Rib Roast 6th and 7th Rib-Bones.....	25	25	25	24	24	23	21
(e) Rolled Rib Roast, 6th and 7th Rib-Bones, Inside Roll (Boneless).....	40	40	40	39	39	37	36
(f) Rolled Rib Roast, 6th and 7th Rib-Bones, Outside Roll (Boneless).....	29	29	29	27	27	26	24
12. Short Ribs, Braising.....	14	13	12	12	12	12	11
13. Plate Brisket.....	13	13	12	12	12	12	11
(a) Plate Brisket (Boneless and Rolled).....	17	17	16	16	16	16	15
14. Brisket Point.....	12	12	11	11	11	11	11
(a) Brisket Point (Boneless and Rolled).....	21	21	19	19	19	19	18
15. Rolled Shoulder (Boneless).....	22	21	20	20	19	19	17
(a) Round Bone Shoulder Roast.....	24	23	23	23	22	21	19
16. Short or Cross Rib Roast.....	27	17	26	26	25	25	23
17. Blade Roast.....	24	24	24	23	23	22	21
(a) Blade Roast, Blade Bone and Back Strap Re- moved.....	26	26	26	25	25	24	23
18. Chuck Roast.....	23	22	22	22	21	20	18
(a) Chuck Roast (Boneless).....	27	26	26	26	25	24	22
19. Neck (Boneless).....	21	20	20	20	19	19	18
20. Shank, Front Quarter.....	11	10	10	10	10	10	10
(a) Shank, Knuckle End.....	7	6	6	6	6	6	6
(b) Shank, Centre Cut.....	17	16	16	16	16	16	16
(c) Shank Meat (Boneless).....	20	19	19	19	19	19	18
Miscellaneous Retail Cuts							
Stewing Meat (Boneless).....	20	20	20	20	19	19	18
Hamburger.....	20	20	20	20	19	19	18
Tenderloin.....	70	70	70	70	70	70	70

SCHEDULE "S" TO ADMINISTRATOR'S ORDER No. A-2032

Maximum Wholesale Prices for Canned Beef Products by Zones

Kind of Product	Type of Container and Net Contents	Price Basis	Zones														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. Canned Spiced Beef	Rectangular— 6 lbs.	c per pound	26.25	25.75	25.00	25.00	25.00	25.00	25.50	25.00	24.25	23.50	23.25	23.00	24.00	24.25	24.75
2. Canned Spiced Beef	Round—12 oz.	\$ and c per doz.	2.52	2.46	2.40	2.40	2.40	2.40	2.46	2.40	2.33	2.27	2.24	2.21	2.29	2.32	2.38
3. Canned Spiced Beef	Round—16 oz.	\$ and c per doz.	2.80	2.73	2.65	2.65	2.65	2.65	2.71	2.64	2.56	2.48	2.44	2.40	2.51	2.54	2.61

RETAIL BEEF CUTTING CHART

Retail Cut Illustrations



1
Boneless
Hind Quarter
Shank Meat
or
Heel of Round



2
Round Steak



3
Round End Rump Roast



3
Square End Rump Roast



6
Flank Steak - Trimmed Flank



7



13
Plate Brisket



13A
Rolled Plate Brisket



12
Short Ribs



14
Brisket Point



14A
Boneless Brisket Point



20
Shank



20^A
Knuckle End
Soup Bone

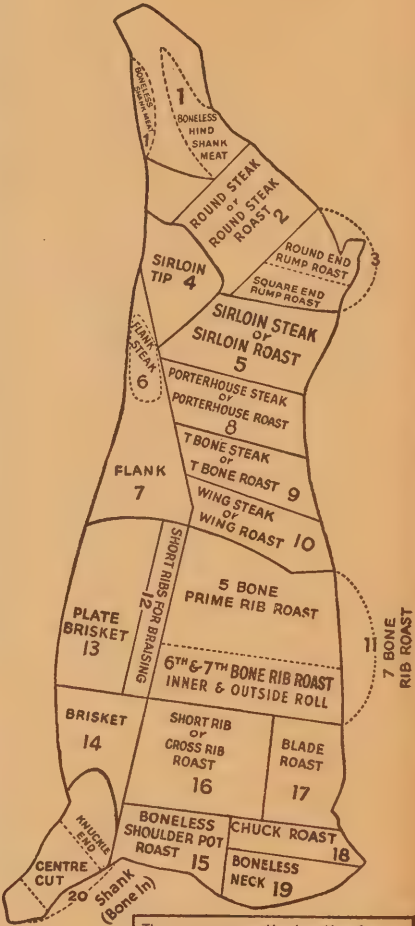


20^B
Centre Cut
Fore Shank



15
Boneless Shoulder Pot Roast

Retail Primary Cuts



The portions separated by dotted lines (primary cuts 3, 11 & 20) indicate secondary cuts.

THIS CHART illustrates most of the retail cuts of beef which each cut and quality shown in The Beef Price Chart which is "in a conspicuous place" at each place of business in which

RETAIL BEEF CUTTING CHART

Retail Cut Illustrations



Sirloin Steak



Sirloin Tip



Sirloin Tip Defatted for Cube Steak



Porterhouse Steak



T Bone Steak



Wing Steak



7 Bone Rolled Rib Roast



6th and 7th Bone Rib Roast



Inner Roll



Outside Roll



5 Bone Prime Rib Roast



Short or Cross Rib Roast



Blade Roast



Chuck Roast



Boneless Chuck Pot-Roast

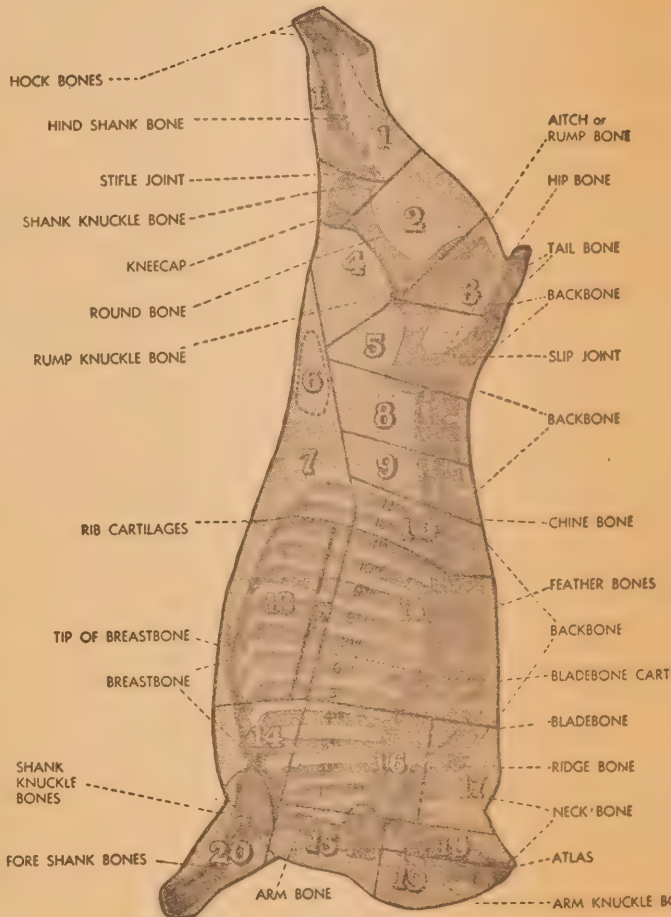


Boneless Neck



Rolled Neck

LOCATION, STRUCTURE and NAMES OF BONES



may be sold or offered for sale at prices not in excess of those prices for required by Order of the Wartime Prices and Trade Board to be posted beef is sold at retail.

WARTIME PRICES AND TRADE BOARD

ADMINISTRATOR'S ORDER No. A-2294

Respecting Beef

Under powers given by the Wartime Prices and Trade Board to the Administrator of Meat and Meat Products, it is hereby ordered as follows:—

1. This Order comes into effect on March 3, 1947.
2. Administrator's Order No. A-2032 as amended is hereby further amended by deleting Schedules "A", "B", "D", "E", "F", "K", "L", and "M", thereto and replacing them by the Schedules similarly lettered annexed to this Order.
3. Section 36 of said Order No. A-2032 as amended is hereby revoked and is replaced by the following:
 - "36. (1) The maximum price, sales tax included, at which a person in a zone may sell at wholesale any product listed in Schedule "S" hereto which was manufactured by him shall, according to the size of the container, be the price for the same set forth in such Schedule for the zone in which the buyer's place of business is situated or, if it be situated in a part of Canada not included in a zone, for the zone in which the seller has his place of business; provided, however, that every such person shall continue to allow any difference in price which he had during the basic period or customarily allowed to different classes of buyers or for different quantities or under different conditions of sale and which result in a lower net price per unit of goods. If a person operates a branch of his business or otherwise operates more than one place of business, each such branch or other place of business shall when selling any product listed in said Schedule "S", manufactured by such person be governed, as to its maximum prices, by the provisions of this Subsection.
 - (2) The maximum price, sales tax included, at which any person in a zone may sell at wholesale any product listed in Schedule "S" hereto which was not manufactured by him shall, according to the size of the container, be the price for the same set forth in such Schedule for the zone in which the buyer's place of business is situated or, if it be situated in a part of Canada not included in a zone, for the zone in which the seller has his place of business; plus an amount equal to 5 per cent of his selling price."

Dated at Ottawa, this 27th day of February, 1947.

F. S. GRISDALE,
*Administrator of Meat and
Meat Products.*

APPROVED:

K. W. TAYLOR,
Deputy Chairman, Wartime Prices and Trade Board.

SCHEDULE "A" TO ADMINISTRATOR'S ORDER No. A-2032
Maximum Wholesale Prices (in cents per pound) by Zones for Carcasses, Sides and Quarters of the Qualities of Beef Shown Below

Zone		Red Brand	Blue Brand	Commercial	Plain	Utility	Cutter
(a) Carcasses and Sides—							
1.....		26.00	25.00	24.00	19.75	18.75	18.25
2.....		25.50	24.50	23.50	19.25	18.25	17.75
3.....		25.50	24.50	23.50	19.50	18.50	18.00
4.....		25.00	24.00	23.00	19.00	18.00	17.50
5.....		25.50	24.50	23.50	19.00	18.00	17.50
6.....		25.00	24.00	23.00	18.50	17.50	17.00
7.....		25.50	24.50	23.50	19.50	18.50	18.00
8.....		25.00	24.00	23.00	19.00	18.00	17.50
9.....		24.50	23.50	22.50	18.50	17.50	17.00
10.....		23.75	22.75	21.75	17.75	16.75	16.25
11.....		23.25	22.25	21.25	17.25	16.25	15.75
12.....		23.25	22.25	21.25	17.75	16.75	16.25
13.....		24.50	23.50	22.50	19.00	18.00	17.50
14.....		23.25	22.25	21.25	18.75	17.75	17.25
15.....		24.75	23.75	22.75	19.25	18.25	17.75
(b) Fore Quarters—							
Less than Maximum Carcass Price for each Zone by.....		5.00	5.00	4.50	4.00	4.00	4.00
(c) Hind Quarters—							
More than Maximum Carcass Price for each Zone by.....		5.25	5.25	4.75	4.25	4.25	4.25

SCHEDULE "B" TO ADMINISTRATOR'S ORDER No. A-2032

Maximum Wholesale Prices (in cents per pound) by Zone for Sundry Wholesale Cuts of Beef

Name of Cut	Derived from	ZONES						
		11-12	10	14	9-13	15	4-6-8	2-3-5-7
Flank Bone-in.....	Any Quality.....	12.25	12.75	13.25	13.50	13.75	14.00	14.50
Flank Boneless.....	Any Quality.....	15.00	15.50	16.00	16.25	16.50	16.75	17.25
Flank Steak.....	Any Quality.....	23.75	24.25	24.75	25.00	25.25	25.50	26.00
No. 1 Tenderloin, weighing 5 lbs. and up...	Any Quality.....	56.00	56.50	57.00	57.25	57.50	57.75	58.25
No. 2 Tenderloin, weighing 4-5 lbs.....	Any Quality.....	53.25	53.75	54.25	54.50	54.75	55.00	55.50
No. 3 Tenderloin, weighing less than 4 lbs.	Any Quality.....	50.00	50.50	51.00	51.25	51.50	51.75	52.25
Shank, Bone-in.....	Any Quality.....	10.00	10.50	11.00	11.25	11.50	11.75	12.25
Shank, Boneless.....	Any Quality.....	17.75	18.25	18.75	19.00	19.25	19.50	20.00
No. 1 Brisket Point, Bone-in.....	Red, Blue and Comm.....	16.25	16.75	17.25	17.50	17.75	18.00	18.50
No. 2 Brisket Point, Bone-in.....	Plain, Utility and Cutter.....	11.75	12.25	12.75	13.00	13.25	13.50	14.00
No. 1 Brisket Point, Boneless.....	Red, Blue and Comm.....	24.50	25.00	25.50	25.75	26.00	26.25	26.75
No. 2 Brisket Point, Boneless.....	Plain, Utility and Cutter.....	17.50	18.00	18.50	18.75	19.00	19.25	19.75
Plate, Bone-in.....	Any Quality.....	12.25	12.75	13.25	13.50	13.75	14.00	14.50
Plate, Boneless.....	Any Quality.....	16.00	16.50	17.00	17.25	17.50	17.75	18.25

SCHEDULE "D" TO ADMINISTRATOR'S ORDER No. A-2032
Prices (in cents per pound) for Major Wholesale Cuts of Red Brand Beef

Name of Cut	ZONES					
	11-12	10	14	9-13	15	4-6-8 2-3-5-7 1
HIND QUARTER—						
Bone-in Cuts—						
Long Hip.....	28.50	29.00	29.50	29.75	30.00	30.75 31.25
Short Hip.....	27.00	27.50	28.00	28.25	28.50	29.75
Long Loin.....	36.00	36.50	37.00	37.25	37.50	38.25 38.75
Short Loin.....	39.00	39.50	40.00	40.25	40.50	41.25 41.75
Shell Loin.....	42.25	42.75	43.25	43.50	43.75	44.00 45.00
Steak Piece.....	33.00	33.50	34.00	34.25	34.50	35.25 35.75
Boneless Cuts—						
Short Hip.....	34.25	34.75	35.25	35.50	35.75	36.00 37.00
Strip Loin.....	48.75	49.25	49.75	50.00	50.25	51.00 51.50
Sirloin Butt.....	40.75	41.25	41.75	42.00	42.25	43.00 43.50
FORE QUARTER—						
Bone-in Cuts—						
Triangle.....	16.50	17.00	17.50	17.75	18.00	18.25 18.75
Rack.....	21.50	22.00	22.50	22.75	23.00	23.25 23.75
Rib.....	28.25	28.75	29.25	29.50	29.75	30.00 30.50
Square Cut Chuck.....	18.75	19.25	19.75	20.00	20.25	21.00 21.50
Cross Cut Chuck.....	17.50	18.00	18.50	18.75	19.00	19.25 19.75
Boneless Cuts—						
Rib.....	41.50	42.00	42.50	42.75	43.00	43.25 44.25
Square Cut Chuck.....	23.25	23.75	24.25	24.50	24.75	25.00 25.50
Shoulder Clod.....	24.25	24.75	25.25	52.50	25.75	26.00 26.50 27.00

SCHEDULE "E" TO ADMINISTRATOR'S ORDER No. A-2032

Prices (in cents per pound) for Major Wholesale Cuts of Blue Brand Beef

Name of Cut	ZONES						
	11-12	10	14	9-13	15	4-6-8	2-3-5-7
HIND QUARTER—							
Bone-in Outs—							
Long Hip.....	27.50	28.00	28.50	28.75	29.00	29.25	29.75
Short Hip.....	26.00	26.50	27.00	27.25	27.50	27.75	28.25
Long Loin.....	35.00	35.50	36.00	36.25	36.50	36.75	37.25
Short Loin.....	38.00	38.50	39.00	39.25	39.50	39.75	40.25
Shell Loin.....	41.25	41.75	42.25	42.50	42.75	43.00	43.50
Steak Piece.....	32.00	32.50	33.00	33.25	33.50	33.75	34.25
Boneless Cuts.							
Short Hip.....	33.25	33.75	34.25	34.50	34.75	35.00	35.50
Strip Loin.....	47.50	48.00	48.50	48.75	49.00	49.25	49.75
Sirloin Butt.....	39.25	39.75	40.25	40.50	40.75	41.00	41.50
FORE QUARTER—							
Bone-in Outs—							
Triangle.....	16.00	16.50	17.00	17.25	17.50	17.75	18.25
Rack.....	20.25	20.75	21.25	21.50	21.75	22.00	22.50
Rib.....	26.25	26.75	27.25	27.50	27.75	28.00	28.50
Square Cut Chuck.....	17.75	18.25	18.75	19.00	19.25	19.50	20.00
Cross Cut Chuck.....	16.75	17.25	17.75	18.00	18.25	18.50	19.00
Boneless Cuts—							
Rib.....	38.50	39.00	39.50	39.75	40.00	40.25	40.75
Square Cut Chuck.....	22.00	22.50	23.00	23.25	23.50	23.75	24.25
Shoulder Clod.....	22.75	23.25	23.75	24.00	24.25	24.50	25.00

SCHEDULE "F" TO ADMINISTRATOR'S ORDER No. A-2032

Prices (in cents per pound) for Major Wholesale Cuts of Commercial Beef

Name of Cut	ZONES						
	11-12	10	14	9-13	15	4-6-8	2-3-5-7
HIND QUARTER—							
Bone-in Cuts—							
Long Hip.....	26.00	26.50	27.00	27.25	27.50	27.75	28.25
Short Hip.....	24.50	25.00	25.50	25.75	26.00	26.25	26.75
Long Loin.....	32.75	33.25	33.75	34.00	34.25	34.50	35.00
Short Loin.....	35.25	35.75	36.25	36.50	36.75	37.00	37.50
Shell Loin.....	37.50	38.00	38.50	38.75	39.00	39.25	39.75
Steak Piece.....	30.25	30.75	31.25	31.50	31.75	32.00	32.50
Boneless Cuts—							
Short Hip.....	31.25	31.75	32.25	32.50	32.75	33.00	33.50
Strip Loin.....	43.25	43.75	44.25	44.50	44.75	45.00	45.50
Sirloin Butt.....	36.25	36.75	37.25	37.50	37.75	38.00	38.50
FORE QUARTER—							
Bone-in Cuts—							
Triangle.....	15.75	16.25	16.75	17.00	17.25	17.50	18.00
Rack.....	19.50	20.00	20.50	20.75	21.00	21.25	21.75
Rib.....	24.25	24.75	25.25	25.50	25.75	26.00	26.50
Square Cut Chuck.....	17.25	17.75	18.25	18.50	18.75	19.00	19.50
Cross Cut Chuck.....	16.50	17.00	17.50	17.75	18.00	18.25	18.75
Boneless Cuts—							
Rib.....	35.50	36.00	36.50	36.75	37.00	37.25	37.75
Square Cut Chuck.....	21.50	22.00	22.50	22.75	23.00	23.25	23.75
Shoulder Clod.....	22.25	22.75	23.25	23.50	23.75	24.00	24.50

SCHEDULE "K" TO ADMINISTRATOR'S ORDER No. A-2032—Continued
Maximum Retail Prices (in cents per pound) for Authorized Retail Cuts of Beef

RED BRAND

AUTHORIZED CUTS		ZONES							
Primary Cuts Indicated by Numbers and Secondary Cuts Indicated by Letters		1	2, 3, 5, 7,	4, 6, 8	15	9, 13	14	10	11, 12
18.	Chuck Roast.....	31	30	29	29	29	28	28	27
19.	(a) Chuck Roast (Boneless).....	35	34	33	33	33	32	32	31
19.	Neck (Boneless).....	29	28	28	27	27	27	27	26
20.	Shank, Front Quarter.....	18	17	17	17	17	16	16	16
	(a) Shank, Knuckle End.....	15	14	14	14	14	13	13	13
	(b) Shank, Centre Cut.....	25	24	24	24	24	23	23	23
	(c) Shank Meat (Boneless).....	29	28	28	28	27	27	27	26
MISCELLANEOUS RETAIL CUTS—									
	Stewing Meat (Boneless).....	29	28	28	28	27	27	27	26
	Hamburger.....	29	28	28	28	27	27	27	26
	Tenderloin.....	80	80	75	75	75	75	75	75

SCHEDULE "L" TO ADMINISTRATOR'S ORDER No. A-2032

Maximum Retail Prices (in cents per pound) for Authorized Retail Cuts of Beef

BLUE BRAND

AUTHORIZED CUTS		ZONES							
		1	2, 3, 5, 7	4, 6, 8	15	9, 13	14	10	11, 12
1. Shank, Hind Quarter (Boneless).....		30	29	28	28	28	27	27	26
2. Round Steak or Roast.....		48	48	47	47	46	46	45	44
(a) Round Steak or Roast (Boneless).....		51	50	49	49	48	48	47	46
(b) Minced Round Steak.....		51	50	49	49	48	48	47	46
3. Rump Roast, Round or Square End.....		49	48	47	47	46	45	44	44
4. Sirloin Tip (Boneless).....		51	50	49	48	48	48	48	46
(a) Cubed Sirloin Tip (Boneless).....		54	53	52	51	51	51	51	49
5. Sirloin Steak or Roast.....		54	52	52	51	51	51	50	49
(a) Sirloin Butt (Boneless).....		57	55	55	54	54	54	53	52
6. Flank Steak (Boneless).....		38	37	36	36	36	36	35	35
7. Flank, Trimmed.....		21	20	19	19	18	18	17	17
8. Porterhouse Steak or Roast.....		60	59	58	57	57	56	55	54
9. T-Bone Steak or Roast.....		60	59	58	57	57	56	55	54
10. Wing Steak or Roast.....		56	54	54	53	53	52	52	52
(a) Strip Loin (Boneless).....		68	67	66	65	65	64	63	62
11. Rib Roast, 7 Rib-Bones Whole.....		38	37	36	35	35	34	33	32
(a) Rib Roast, 7 Rib-Bones (Boneless and Rolled Whole).....		51	50	49	48	48	47	45	44
(b) Prime Rib Roast, 5 Rib-Bones.....		41	39	38	37	37	36	35	34
(c) Prime Rib Roast, 5 Rib-Bones (Boneless and Rolled).....		51	50	49	48	48	47	45	44
(d) Rib Roast, 6th and 7th Rib-Bones.....		36	34	33	32	32	31	30	29
(e) Rolled Rib Roast, 6th and 7th Rib-Bones, Inside Roll (Boneless).....		54	52	51	50	50	48	47	45
(f) Rolled Rib Roast, 6th and 7th Rib-Bones, Outside Roll (Boneless).....		40	38	37	36	36	35	34	33
12. Short Ribs, Braising.....		20	19	19	19	19	19	18	17
13. Plate Brisket.....		20	19	18	18	18	17	17	17
(a) Plate Brisket (Boneless and Rolled).....		25	24	24	24	24	22	22	22

SCHEDULE "L" TO ADMINISTRATOR'S ORDER No. A-2032—(Continued)

Maximum Retail Prices (in cents per pound) for Authorized Retail Cuts of Beef

BLUE BRAND

AUTHORIZED CUTS		ZONES							
		1	2, 3, 5, 7	4, 6, 8	15	9, 13	14	10	11, 12
14. Brisket Point.....		19	18	18	18	17	17	17	16
(a) Brisket Point (Boneless and Rolled).....		31	29	29	29	29	28	28	27
15. Rolled Shoulder (boneless).....		30	29	28	28	27	27	26	25
(a) Round Bone Shoulder Roast.....		30	30	29	29	28	28	27	27
16. Short or Cross Rib Roast.....		36	34	33	32	32	31	30	29
17. Blade Roast.....		32	31	30	30	29	29	28	27
(a) Blade Roast, Blade Bone and Back Strap Removed.....		34	33	32	32	31	31	30	29
18. Chuck Roast.....		29	29	28	28	27	27	26	26
(a) Chuck Roast (Boneless).....		33	33	32	32	31	31	30	30
19. Neck (Boneless).....		28	27	27	26	26	26	26	25
20. Shank, Front Quarter.....		17	17	16	16	16	16	16	16
(a) Shank, Knuckle End.....		14	14	13	13	13	13	13	13
(b) Shank, Centre Cut.....		24	24	23	23	23	23	23	23
(c) Shank Meat (Boneless).....		28	27	27	27	27	26	26	25
MISCELLANEOUS RETAIL CUTS—									
Stewing Meat (Boneless).....		28	27	27	27	27	26	26	25
Hamburg.....		28	27	27	27	27	26	26	25
Tenderloin.....		75	75	75	75	75	75	75	75

SCHEDULE "M" TO ADMINISTRATOR'S ORDER NO. A-2032

Maximum Retail Prices (in cents per pound) for Authorized Retail Cuts of Beef

COMMERCIAL

AUTHORIZED CUTS		ZONES							
Primary Cuts Indicated by Numbers and Secondary Cuts Indicated by Letters		1	2, 3 5, 7	4, 6, 8	15	9, 13	14	10	11, 12
1.	Shank Hind Quarter (Boneless)	29	28	27	27	27	26	25	24
2.	Round Steak or Roast	48	46	45	44	44	43	42	42
	(a) Round Steak or Roast (Boneless)	50	48	47	46	46	45	44	44
3.	Minced Round Steak	50	48	47	46	46	45	44	44
3.	Rump Roast, Round or Square End	47	45	44	44	43	43	42	41
4.	Sirloin Tip (Boneless)	49	47	47	47	47	47	45	44
	(a) Cubed Sirloin Tip (Boneless)	52	50	50	50	50	50	48	47
5.	Sirloin Steak or Roast	51	49	49	48	48	48	47	46
	(a) Sirloin Butt (Boneless)	54	52	52	51	51	51	50	49
6.	Flank Steak (Boneless)	38	37	36	36	36	36	35	35
7.	Flank, Trimmed	21	20	19	19	18	18	17	17
8.	Porterhouse Steak or Roast	54	53	52	52	51	51	51	50
9.	T-Bone Steak or Roast	54	53	52	52	51	51	51	50
10.	Wing Steak or Roast	52	51	50	50	49	49	48	48
	(a) Strip Loin (Boneless)	62	61	60	60	59	59	59	58
11.	Rib Roast, 7 Rib-Bones	36	36	35	34	34	33	33	32
	(a) Rib Roast, 7 Rib-Bones (Boneless and Rolled Whole)	49	49	48	47	47	45	45	44
	(b) Prime Rib Roast, 5 Rib-Bones	39	38	37	36	36	35	35	34
	(c) Prime Rib Roast, 5 Rib-Bones (Boneless and Rolled)	52	51	50	48	48	47	47	45
	(d) Rib Roast, 6th and 7th Rib-Bones	33	33	32	31	31	30	30	29
	(e) Rolled Rib Roast, 6th and 7th Rib-Bones, Inside Roll (Boneless)	52	51	50	48	48	47	47	45
	(f) Rolled Rib Roast, 6th and 7th Rib-Bones, Outside Roll (Boneless)	38	37	36	35	35	34	34	33
12.	Short Ribs, Braising	20	19	19	19	19	19	18	17
13.	Plate Brisket	20	19	18	18	18	18	17	17
	(a) Plate Brisket (Boneless and Rolled)	25	24	24	24	23	22	21	21
14.	Brisket Point	19	18	18	18	17	17	17	16
	(a) Brisket Point (Boneless and Rolled)	31	29	29	29	29	28	27	27

SCHEDULE "M" TO ADMINISTRATOR'S ORDER No. A-2032—(Continued)
Maximum Retail Prices (in cents per pound) for Authorized Retail Cuts of Beef

COMMERCIAL

AUTHORIZED CUTS Primary Cuts Indicated by Numbers and Secondary Cuts Indicated by Letters	ZONES									
	1	2, 3 5, 7	4, 6, 8	15	9, 13	14	10	11, 12		
15. Rolled Shoulder (Boneless).....	29	28	28	28	27	27	26	25		
(a) Round Bone Shoulder Roast.....	30	29	29	29	28	28	27	27		
16. Short or Cross Rib Roast.....	36	34	33	32	32	31	30	29		
17. Blade Roast.....	32	30	30	30	29	29	28	27		
(a) Blade Roast, Blade Bone and Back Strap Removed.....	34	32	32	32	31	31	30	29		
18. Chuck Roast.....	29	28	28	28	27	27	26	26		
(a) Chuck Roast (Boneless).....	33	32	32	32	31	31	30	30		
19. Neck (Boneless).....	28	27	27	27	26	26	25	24		
20. Shank, Front Quarter.....	17	16	16	16	16	16	15	14		
(a) Shank, Knuckle End.....	13	12	12	12	12	12	11	10		
(b) Shank, Centre Cut.....	23	22	22	22	22	22	21	20		
(c) Shank Meat (Boneless).....	28	27	27	27	27	26	25	24		
MISCELLANEOUS RETAIL CUTS—										
Stewing Meat (Boneless).....	27	26	26	26	26	26	25	24		
Hamburger.....	27	26	26	26	26	26	25	24		
Tenderloin.....	75	75	75	75	75	75	75	75		

APPENDIX "C"

WARTIME PRICES AND TRADE BOARD

ADMINISTRATOR'S ORDER NO. A-2211

PORK PRODUCTS

Under powers given by the Wartime Prices and Trade Board to the Administrator of Meat and Meat Products, it is hereby ordered as follows:

INTRODUCTION

Effective Date

1. This Order comes into force on January 15, 1947, and Administrator's Order No. A-1946 as amended is hereby revoked and replaced by this Order.

General Definitions

2. For the purposes of this Order

- (a) "pork product" means any product obtained from a hog and includes
 - (i) any such product in fresh, cured, smoked, cooked or canned form or any such form of product in frozen condition except canned product. All such products numbered and named in Schedules "C", "D" or "E" hereto or otherwise referred to in this Order mean the pork products similarly numbered, defined or listed in Schedule "A" hereto;
- (b) "retail pork cut" means any product listed in Schedules "G", "H", "J" or "K" hereto, under the heading "Description of Cut";
- (c) "sell" includes offer to sell and "buy" includes offer to buy;
- (d) "sell at wholesale" means to sell otherwise than at retail;
- (e) "zone" means a zone defined in Part VII herein.

Prices are Maximum Prices

3. All prices fixed by this Order are maximum prices and must not be exceeded.

Additional Payments and Consideration are Part of the Price

4. Any consideration, money or money's worth given or paid by the buyer to any person in connection with the purchase of any pork product or received by the seller from any person in connection with the sale of any pork product shall constitute part of the price of such pork product.

INDEX TO PARTS

- PART I—General Provisions Applying to Sales at Wholesale
- PART II—Maximum Wholesale Prices
- PART III—Definitions of Rough Cuts
- PART IV—General Provisions Applying to Sales at Retail
- PART V—Maximum Retail Prices
- PART VI—Records of Sales and Purchases
- PART VII—Zones

PART I—GENERAL PROVISIONS APPLYING TO SALES AT WHOLESALE

*Wholesale Prices Include Delivery
Except as Specified*

5. Wholesale prices of the pork products numbered and named in Schedules "C", "D" and "E" include delivery to the buyer's place of business except in the following cases:

- (a) if delivery is by railway or by transshipment by railway, it is to be made at the railway station nearest to the buyer's place of business;
- (b) if delivery is by boat or by transshipment by boat, it is to be made on a dock at the boat's port of call nearest to the buyer's place of business;
- (c) if delivery is by express at the buyer's request, the seller may add to his selling price the difference between freight and express charges, if he shows the difference as a separate item on his sales invoice;
- (d) if the sale is to a person in a part of Canada not included in a zone, the seller may add to his selling price the transportation cost from the shipping point to the point of delivery to the buyer, if such cost is shown as a separate item on his sales invoice.

Equitable Distribution

6. Every person who sells at wholesale pork products to which this Order applies shall equitably distribute his available supplies of such pork products among his customers at the delivery point referred to in Section 5. If a customer operates a branch of his business or otherwise operates more than one place of business he shall be deemed to be a separate customer in respect of each branch or place of business operated by him, and delivery to him shall be made to the place of business designated by such customer, or, if delivery is by railway, by boat, or, by transshipment by railway or boat, to the railway station or on the dock at the boat's port of call, as the case may be, nearest to such designated place of business.

PART II—MAXIMUM WHOLESALE PRICES

Sales of Schedules "C", "D" and "E" Products by Persons in Zones

7. (1) The maximum price at which any person in a zone may sell at wholesale any pork product numbered and named in Schedule "C" or Schedule "D" hereto shall be the price for that pork product set forth in the Schedule in which it is numbered and named, for the zone in which the buyer's place of business is situated or, if it be situated in a part of Canada not included in a zone, for the zone in which the seller has his place of business.

(2) The maximum price, sales tax included, at which any person in a zone may sell at wholesale any pork product named and numbered in Schedule "E" hereto which was manufactured by him shall be the price for that pork product set forth in such Schedule for the zone in which the buyer's place of business is situated or, if it be situated in a part of Canada not included in a zone, for the zone in which the seller has his place of business; provided, however, that every such person shall continue to allow any difference in price which he has during the basic period, September 15 to October 11, 1941, both inclusive, or customarily allowed to different classes of buyers or for different quantities or under different conditions of sale and which result in a lower net price per unit of goods. If a person operates a branch of his business or otherwise operates more than one place of business, each such branch or other place of business shall when selling any pork product named and numbered in Schedule "E" hereto manufactured by such person be governed, as to its maximum prices, by the provisions of this subsection.

(3) The maximum price, sales tax included, at which any person in a zone may sell at wholesale any pork product named and numbered in Schedule "E" hereto which was not manufactured by him shall be the price for that pork product set forth in such Schedule for the zone in which the buyer's place of business is situated or, if be situated in a part of Canada not included in a zone, for the zone in which the seller has his place of business; PLUS an amount equal to 5 per cent of his selling price.

*Sales of Schedules "C", "D" and "E" Products
by Persons not in Zones*

8. The maximum price at which any person in any part of Canada not included in a zone may sell at wholesale to any person in any part of Canada any pork product named and numbered in Schedule "C", Schedule "D" or Schedule "E" shall be such as may be approved or prescribed from time to time by the Administrator of Meat and Meat Products (hereafter referred to as "the Administrator") with the approval of the Chairman of the Board or under the provisions of Board Order No. 414.

*Sales at Wholesale of Pork Products not listed in
Schedule "C", Schedule "D" or Schedule "E"*

9. (1) Except as provided in Section 10 herein, no person shall sell or buy at wholesale any pork product that is not numbered and named in Schedule "C", Schedule "D" or Schedule "E" and has not a maximum price fixed for it by or under the authority of this Order except the following pork products:

- (a) pork products in the form of dry salt pork other than product numbers 63, 64, 65, 66, 67 and 68, as defined herein;
- (b) barrelled pork listed in the Schedule to Administrator's Order No. A-2027 or any Order amending or replacing that Order; and barrelled pork specifically known as fat back and bean pork;
- (c) pork fancy meats and pork by-products listed in the Schedule to Administrator's Order No. A-1392 or any Order amending or replacing such Order;
- (d) pork sausage listed in the Schedule to Administrator's Order No. A-2089 or any order amending or replacing such Order;
- (e) pork products in any of the following forms: cooked meat loaves; cooked jellied meat; smoked and/or cooked sausage other than smoked and/or cooked sausage listed in the Schedule to Administrator's Order No. A-2089 or any order amending or replacing such order; cooked pigs' feet and canned meat (other than canned meat listed in Schedule "E" hereto) as defined in the Regulations under the Food and Drugs Act; and
- (f) brains, lips, rinds, tripe, blood, bones, casings, glands and inedible by-product; unless the maximum price thereof is fixed by or on behalf of the Board.

The maximum price at which any person may sell at wholesale any pork product referred to in clauses (a), (b), (c), (d) or (f) of subsection (1) of this Section shall be such person's basic period maximum price as fixed by Section 7 of the Wartime Prices and Trade Regulations or his maximum price as fixed by the Administrator of Meat and Meat Products with the concurrence of the Chairman of the Board or under the provisions of Board Order No. 414, whichever is applicable.

Those pork products referred to in clause (e) of subsection (1) of this section under the provisions of Board Order No. 684 are no longer under price control.

*Sales of Schedule "F" Products between Processors
for Further Processing*

10. The maximum price at which any processor of pork products may sell to any other such processor in any part of Canada for further processing any pork product listed in Schedule "F" hereto shall be the price set forth in Schedule "F" for the zone in which the seller's plant is located and such maximum price shall be f.o.b. the seller's plant.

PART III—DEFINITIONS OF ROUGH CUTS

Definitions

11. For the purposes of this Order

- (a) "rough cuts" means the following untrimmed cuts which are obtained from either side of a warm dressed hog after chilling and after the head, tongue, leaf lard and kidney have been removed;
 - (i) "rough ham" means the ham end of a side obtained by cutting through the side in a straight line, approximately $2\frac{1}{2}$ inches forward from the H-bone tip at right angles to a straight line which begins on the inside of the hock joint and ends at the cut surface, just missing the inside of the H-bone tip;
 - (ii) "rough shoulder" means the shoulder end of a side obtained by cutting through the side in a straight line passing through a point on the back bone immediately in front of the third rib and through the breast side at the upper joint connecting the second rib to the breast bone;
 - (iii) "rough middle" means that portion of a side remaining after the rough shoulder and rough ham have been removed;
 - (iv) "rough loin" means the loin portion of a rough middle obtained by cutting lengthwise in a straight line, just missing the vertebrae at the shoulder end and just including the lower edge of the H-bone at the ham end;
 - (v) "rough belly" means the portion of a rough middle remaining after the rough loin has been removed;
- (b) "warm dressed hog" means the hog from which the viscera, heart, liver and lungs have been removed and refers to the standard dressed hog defined in the regulations of the Federal Department of Agriculture contained in Order in Council P.C. 4470, dated the 11th day of September, 1940, as follows: "carcass weights shall be on the basis of warm weights including head, leaf lard, tongue, kidneys, tenderloin, tail, backbone and feet".

PART IV—GENERAL PROVISIONS APPLYING TO SALES AT RETAIL

Definitions

12. For the purposes of this Order "regular trim", "untrimmed", "standard weight" and "heavy" wherever shown in Schedules "G", "H", "J" or "K" hereto in respect of any retail pork cut shall have the following meanings:

- (a) "regular trim" retail pork cut means a retail pork cut corresponding exactly in trim to that pork product or products, the product number or numbers of which is or are listed in Schedule "G", "H", "J" or "K" in the same horizontal line with such retail pork cut under the sub-headings "Product Number", and which has been defined in Schedule "A" hereto;

- (b) "untrimmed" retail pork cut means a retail pork cut listed in Schedule "G" or Schedule "H" hereto, the retail pork cut number of which appears in the same horizontal line with such retail pork cut under the sub-heading "Retail Pork Cut Number", and which has been defined in Schedule "B" hereto;
- (c) "standard weight" retail pork cut means a retail pork cut obtained by a person who sells meat at retail
 - (i) by cutting the carcass of a hog (or side of such carcass), the weight of which carcass does not exceed the maximum weight listed in Schedule "C" hereto for carcasses the product numbers of which are 1, 2, 4, or 6 or
 - (ii) by purchasing a pork product other than a carcass (or side of such carcass), listed in Schedule "C" hereto, the weight of which product does not exceed the maximum weight listed for that product in column 1 of such Schedule;
- (d) "heavy" retail pork cut means a retail pork cut obtained by a person who sells meat at retail
 - (i) by cutting the carcass of a hog (or side of such carcass), the weight of which carcass is in accordance with the weights prescribed in Schedule "C" hereto for carcasses the product numbers of which are 3 or 5; or
 - (ii) by purchasing a pork product other than a carcass (or side of such carcass), listed in Schedule "C" hereto, the weight of which product is in accordance with the weight prescribed for that product in column 2 of such Schedule; or the weight of which is included in the name of the pork product under the heading "Description of Product" in Schedule "C" hereto.

Limitation on Retailer's Cost

13. (1) No person selling any pork product at retail shall buy or otherwise acquire, and no person shall buy or otherwise acquire on his behalf, any pork product numbered and named in Schedule "C", Schedule "D" or Schedule "E" hereto at a total delivered cost in excess of the maximum price on sales of the same to him at wholesale, together with sales tax, if any, and actual transportation charges from the railway station nearest to such buyer's place of business if delivery to him is by railway or by transshipment by railway, or from the dock at the boat's port of call nearest to his place of business if delivery is by boat or transshipment by boat, provided that said railway station or dock, as the case may be, is not in the city, town or village in which such person has his place of business.

(2) For the purpose of this section

- (a) any person who acquires any live hogs and slaughters them or causes them to be slaughtered for him shall be deemed to have acquired a pork product; and
- (b) any person selling pork products at retail who operates a branch of his business or otherwise operates more than one place of business shall in respect of each such branch or place of business be deemed to be a separate buyer of pork products.

Retail Prices are Subject to Review

14. The prices and markups of all persons selling pork products or portions or cuts thereof at retail shall be subject to periodic examination by any authorized representative of the Board, who may require any person to submit to any pork cutting or other tests authorized by the Board.

Limitation on What Pork may be Sold at Retail

15. (1) No person may sell at retail any pork other than

- (a) in the form of retail pork cuts listed in Schedules "G", "H", "J" or "K" hereto, and
- (b) products named in clauses (a) to (f) inclusive of subsection (1) of Section 9 of this Order, and
- (c) cooked pork with or without dressing which is, or is derived from, a fresh, cured or smoked retail pork cut, providing such person has cooked it himself, and
- (d) canned pork in the varieties listed in Schedule "E" hereto, and
- (e) rendered lard.

(2) Every person selling pork at retail shall obtain the Pork Price Charts provided by the Board and shall display and keep them in his place of business where they are available to be seen and examined by his customers.

PART V—MAXIMUM RETAIL PRICES*Sales at Retail by Persons in Zones***16. (1) Retail Pork Cuts**

The maximum price at which any person in a zone may sell at retail any retail cut of pork or portion thereof listed in Schedules "G", "H", "J" or "K" hereto shall be the price for the same set forth in the said Schedules for that zone according to whether the cut is in fresh, cured, smoked or cooked form, bone in or boneless regular trim or untrimmed and standard weight or heavy.

(2) Miscellaneous Pork Products

The maximum price at which any person in a zone may sell at retail any pork product named in clauses (a), (b), (c), (d), or (f) of subsection (1) of Section 9 of this Order shall be such person's basic period maximum price as fixed by Section 7 of the Wartime Prices and Trade Regulations or his maximum price as fixed by the Administrator of Meat and Meat Products with the concurrence of the Chairman of the Board or under the provisions of Board Order No. 414.

(3) Delicatessen Cooked Pork

The maximum price at which any person in a zone may sell at retail any cooked pork of the kinds described in clause (c) of subsection (1) of Section 15 of this Order shall be such person's basic period maximum price as fixed by Section 7 of the Wartime Prices and Trade Regulations or his maximum price as fixed by the Administrator of Meat and Meat Products with the concurrence of the Chairman of the Board or under the provisions of Board Order No. 414.

(4) Canned Pork Products

(A) The maximum price at which any person in a zone may sell at retail any pork product numbered and named in Schedule "E" hereto purchased by him from the manufacturer thereof shall be the sum of the following:

- (a) his actual delivered cost of such pork product but not exceeding his lawful maximum delivered cost as fixed by Section 13 (except the difference between freight and express charges, if any, included in such cost); and
- (b) the lesser of the two following markups:

- (i) the markup which under the provisions of Board Order No. 450 corresponds to the lawful percentage markup customarily obtained by him during the said basic period on sales of canned pork products of the same or substantially similar kind or quality;

- (ii) the markup calculated according to the provisions of Board Order No. 450 and in Schedule "A" of that Order under the markup symbol "G" or if the product sold is Product No. 228 or Product No. 231 and is removed from the container and sold in slices or portions under the markup symbol "J".

(B) The maximum price at which any person in a zone may sell at retail any pork product numbered and named in Schedule "E" hereto purchased by him from any person other than the manufacturer thereof shall be the sum of the following:

- (a) his actual delivered cost of such pork product but not exceeding his lawful maximum delivered cost as fixed by Section 13 (except the difference between freight and express charges, if any, included in such cost); and
- (b) the lesser of the two following markups:
 - (i) the markup which under the provisions of Board Order No. 450 corresponds to the lawful percentage markup customarily obtained by him during the said basic period on sales of canned pork products of the same or substantially similar kind or quality;
 - (ii) the markup calculated according to the provisions of Board Order No. 450 and in Schedule "A" of that Order under the markup symbol "F" or, if the product sold is Product No. 228 or Product No. 231 and is removed from the container and sold in slices or portions, under the markup symbol "H".

(5) *Rendered Lard*

(A) The maximum price at which any person in a zone may sell at retail any lard, defined in Schedule "A" as product numbers 210 to 215 inclusive, shall be the sum of the following:

- (a) his actual delivered cost of such lard but not exceeding his maximum delivered cost as fixed by Section 13 (except the difference between freight and express charges, if any, included in such cost); and
- (b) the lesser of the two following markups:
 - (i) the markup which under the provisions of Board Order No. 450 corresponds to the lawful percentage markup customarily obtained by him during the said basic period on sales of such lard of the same or substantially similar kind or quality;
 - (ii) the markup calculated according to the provisions of Board Order No. 450 and in Schedule "A" of that Order under the markup symbol "F".

(B) The maximum price at which any person in a zone may sell at retail any lard which he has himself rendered shall be two cents per pound lower than the maximum price at which he may sell lard in the same kind of containers provided in subsection (5) (A) immediately preceding.

(6) *Certain Dry Salt Cured Pork Products*

The maximum price at which any person in a zone may sell at retail any dry salt cured pork product defined in Schedule "A" hereto as product number 63, 64, 65 or 66 shall be the sum of the following:

- (a) his actual delivered cost of such dry salt cured pork product but not exceeding his lawful maximum delivered cost as fixed by Section 13 (except the difference between freight and express charges, if any, included in such cost); and
- (b) a markup not exceeding 25 per cent of his selling price.

Sales at Retail by Persons not in Zones

17. Every person selling pork at retail in any part of Canada not in a zone shall regulate his selling prices for various cuts or portions of pork so that the aggregate prices received or charged by him for all cuts and portions from any carcass, side, quarter or wholesale cut purchased or otherwise acquired by him shall not exceed the total of:

- (a) his actual delivered cost of that carcass, side or pork product but not exceeding the price at which the same may be sold to him by his supplier including transportation to his place of business (except the difference between freight and express charges, if any, included in such cost); and
- (b) a markup not exceeding 27 per cent of his selling price.

PART VI—RECORDS OF SALES AND PURCHASES

Sales Invoices

18. (1) Every person who sells any pork product at wholesale shall on every sale and concurrently with delivery to the buyer, furnish him with an invoice showing the following:

- (a) the name and identifying address of the seller and the buyer and the date of sale;
- (b) the weight and price per pound or container, as the case may be, of each pork product sold to the buyer and in the case of any pork product numbered and named in Schedule "C", Schedule "D" or Schedule "E" hereto, specifying accurately such product by its product number in addition to any other description used by the seller and in the case of any pork product listed in Schedule "F" hereto specifying such product by the name given it in such Schedule;
- (c) the freight or express charges, if any, added to the price under Section 5.

(2) Every person who sells pork products at wholesale shall retain a duplicate copy of each invoice furnished by him as required by this Section.

Purchase Records

19. (1) Every person who sells pork products at wholesale or at retail shall upon receipt by him of any pork product purchased or otherwise acquired by him immediately prepare and shall thereafter keep at the place of business at which he receives the same a written record showing:

- (a) the name and identifying address of his supplier and the date of purchase or acquisition;
- (b) the weight and price per pound or container, as the case may be, of each pork product purchased by him and in the case of any pork product numbered and named in Schedule "C", Schedule "D" or Schedule "E" hereto, specifying accurately such product by its product number in addition to any other description used by the seller and in the case of any pork product listed in Schedule "F" hereto specifying such product by the name given it in such Schedule;
- (c) the freight or express charges, if any, paid by him and charged by his supplier under Section 5; and
- (d) if a retailer, actual transportation charges paid by him for transporting the meat from his receiving point to his place of business.

(2) If a person retains, available for inspection by any authorized representative of the Board, an invoice furnished to him by his supplier in accordance with Section 18, it will not be necessary for him to keep any other record of the particulars set forth in the invoice.

Inspection of Records and Invoices

20. Every record and invoice required by this Order to be prepared, furnished or retained shall be made available for inspection by any authorized representative of the Board at all times for twelve months from the date of the transaction to which it relates.

Retail Sales Slips

21. Every person who sells at retail any retail pork cut or portion thereof or any pork product shall, upon request of the buyer, furnish him with a sales slip showing the date of sale, the seller's name and address, the weight and name of the meat sold, and the price per pound charged.

PART VII—ZONES

22. For the purposes of this Order, the following zones are established:
Zone 1; composed of

- (a) those parts of the provinces of Prince Edward Island, Nova Scotia and New Brunswick not included in Zone 2;
- (b) that part of the province of Quebec lying to the south of the St. Lawrence River and east of, and including all stations on, the Temiscouata Railway from Riviere du Loup to the boundary between the provinces of Quebec and New Brunswick; and
- (c) that part of the province of Quebec included within the Counties of Lac St. Jean and Chicoutimi;

Zone 2; composed of

the cities of Charlottetown, Halifax, Sydney, Moncton and Saint John and all points lying within a radius of twenty miles of the city hall in each of the said cities;

Zone 3; composed of

that part of the province of Quebec not included in Zones 1, 4 and 5 lying to the west of a line drawn from the mouth of the Saguenay River to the eastern boundary of Chicoutimi County and lying to the south of the Counties of Lac St. Jean, Chicoutimi, Temiskamingue and Abitibi;

Zone 4; composed of

- (a) the cities of Montreal and Quebec and all points lying within a radius of twenty-five miles of the city hall of Montreal and of twenty miles of the city hall in the city of Quebec; and
- (b) the Island of Orleans;

Zone 5; composed of

- (a) the city of Hull and all points lying within a radius of twenty miles of the city hall in that city; and
- (b) that part of the province of Ontario lying to the south and east of the French River and Lake Nipissing and to the south of and including all railway stations from North Bay to Mattawa, inclusive, on the Canadian Pacific Railway and to the north and east of a line beginning at the St. Lawrence River and running northerly along the western boundary of the county of Frontenac to the 45th parallel of latitude, then westerly along the 45th parallel of latitude to the eastern boundary of the district of Muskoka, thence southerly to and westerly along the southern boundary of the District of Muskoka to Georgian Bay;

Zone 6; composed of
all that part of Southern Ontario not included in Zone 5;

Zone 7; composed of

- (a) that part of the province of Ontario not included in Zone 8 and lying to the south of and including all railway stations from Goodwin to Weatherbe inclusive on the most northerly transcontinental line of the Canadian National Railway and north and west of the Canadian Pacific Railway line from Mattawa to North Bay, Lake Nipissing and the French River and east of the Nipigon River and Lake Nipigon and including the District of Manitoulin; and
- (b) that part of the province of Quebec included within the Counties of Temiskamingue and Abitibi;

Zone 8; composed of

the cities of Timmins, Sudbury, Sault Ste. Marie, Noranda and Rouyn and all points lying with a radius of twenty miles of the city hall in each of the said cities;

Zone 9; composed of

that part of the province of Ontario lying to the south of and including all railway stations from Ferland to White, inclusive, on the most northerly transcontinental line of the Canadian National Railways and lying to the west of the Nipigon River and Lake Nipigon;

Zone 10; composed of

that part of the province of Manitoba lying to the south of the 53rd parallel of latitude;

Zone 11; composed of

that part of the province of Saskatchewan lying to the south of the 54th parallel of latitude;

Zone 12; composed of

- (a) that part of the province of Alberta not included in Zone 13 and lying to the south of the 55th parallel of latitude;
- (b) that part of the province of British Columbia lying to the east of the line formed by the Elk River from its source to its confluence with the Kootenay River and thence from such confluence along the Kootenay River to the southern boundary of the said province; and
- (c) the city of Fernie;

Zone 13; composed of

- (a) in the province of Alberta, Edson and Lovett and all railway stations on the Canadian National Railway west of Edson and Lovett and on the Canadian Pacific Railway west of Lake Louise; and
- (b) that part of the province of British Columbia not included in Zones 12 and 14 and lying to the south of the 56th parallel of latitude, excluding Vancouver Island, the Queen Charlotte Islands and all other islands lying off the coast of the said province and excluding all that part of the mainland coast of the said province lying to the north of the 50th parallel of latitude;

Zone 14; composed of

the cities of Prince Rupert, Nelson, Vancouver and New Westminster and all points lying within a radius of twenty miles of the city hall in the city of Vancouver;

Zone 15; composed of

all stations on any railroad on Vancouver Island, together with all that part of Vancouver Island lying to the south of a line from Port Alberni to Parksville.

DATED at OTTAWA, this 10th day of January, 1947.

F. S. GRISDALE,

Administrator of Meat and Meat Products.

APPROVED:

D. GORDON,

Chairman, Wartime Prices and Trade Board.

SCHEDULE "A"

TO ADMINISTRATOR'S ORDER NO. A.—2211

I. DEFINITIONS OF PORK PRODUCTS NUMBERED AND NAMED IN SCHEDULE "C"

NOTE:—See Section 11 of this Order for definitions of rough cuts.

FRESH PORK PRODUCTS

Product No. 1—means (a) a carcass weighing not more than 180 pounds resulting from a warm dressed hog being chilled to cold weight and trimmed with head on (tongue in or out) and leaf lard and kidney included, or (b) either side of such carcass, obtained by splitting such carcass lengthwise through the backbone and head;

Product No. 2—means (a) a carcass weighing not more than 175 pounds resulting from a warm dressed hog being chilled to cold weight and trimmed with head on (tongue in or out) but with leaf lard and kidney removed, or (b) either side of such carcass, obtained by splitting such carcass lengthwise through the backbone and head;

Product No. 3—means (a) carcass weighing more than 180 pounds resulting from a warm dressed hog being chilled to cold weight and trimmed with head on (tongue in or out) but with leaf lard and kidney removed, or (b) either side of such carcass, obtained by splitting such carcass lengthwise through the backbone and head;

Product No. 4—means (a) a carcass weighing not more than 170 pounds resulting from a warm dressed hog being chilled to cold weight and trimmed with head removed but with leaf lard and kidney included, or (b) either side of such carcass, obtained by splitting such carcass lengthwise through the backbone;

Product No. 5—means (a) a carcass weighing more than 165 pounds resulting from a warm dressed hog being chilled to cold weight and trimmed with head, leaf lard and kidney removed, or (b) either side of such carcass, obtained by splitting such carcass lengthwise through the backbone;

Product No. 6—means (a) a carcass weighing not more than 165 pounds resulting from a warm dressed hog being chilled to cold weight and trimmed with head, leaf lard and kidney removed, or (b) either side of such carcass, obtained by splitting such carcass lengthwise through the backbone;

Product No. 17—"New York shoulder hock on"—means that portion (weighing not more than 20 pounds) of the rough shoulder remaining after removal of all the following:—

- (a) neck bones, riblets, glands and blood clots;
- (b) foot;
- (c) jowl, cut off in a straight line just missing the ear dip and parallel to the cut surface made when the rough shoulder is obtained from the side;
- (d) skin and surplus fat from the upper part (butt) of shoulder, so as to leave only an even covering of fat not exceeding in thickness from $\frac{1}{2}$ inch to $\frac{3}{4}$ inch; the edges of the trimmed fat to be bevelled;

Product No. 18—means the same cut as Product No. 17 but weighing more than 20 pounds;

Product No. 19—"New York shoulder hock off"—means the same as Product No. 17 but having the hock off and weighing not more than 18 pounds;

Product No. 20—"Montreal shoulder"—means that portion (weighing not more than 20 pounds) of the rough shoulder remaining after removal of the following:—

- (a) glands and blood clots;
- (b) lacone;
- (c) jowl, removed in the same manner as when making Product No. 17;
- (d) all skin and surplus fat, leaving an even covering not to exceed in thickness $\frac{1}{2}$ inch to $\frac{3}{4}$ inch of fat; edges of trimmed fat to be bevelled;

Product No. 21—means the same cut as Product No. 20 but weighing more than 20 pounds;

Product No. 22—"butt"—means that portion (weighing not more than 8 pounds) of the rough shoulder remaining after all of the following have been removed:—

- (a) neck bones, riblets, glands and blood clots;
- (b) the lower half of the shoulder removed by cutting lengthwise parallel to the brisket leaving $\frac{1}{2}$ inch of the neck of the blade bone in the portion removed;
- (c) all skin and surplus fat so as to leave only an even covering not to exceed in thickness $\frac{1}{2}$ inch to $\frac{3}{4}$ inch of fat; edges of trimmed fat to be bevelled; the butt to be rectangular in shape, slightly narrower at the neck end;

Product No. 23—means the same cut as Product No. 22 but weighing more than 8 pounds;

Product No. 24—"butt, boneless and tied"—means the same cut as Product No. 22 but boneless and tied or stitched with ragged edges removed; and weighing not more than $7\frac{1}{2}$ pounds;

Product No. 25—"picnic hock on"—means that portion (weighing not more than 10 pounds) of the rough shoulder remaining after all of the following have been removed:—

- (a) neck bones, riblets, glands and blood clots;
- (b) foot;
- (c) butt;
- (d) jowl and surplus brisket flap, rounding the corner so as to expose the lean muscle;

Product No. 26—means the same cut as Product No. 25 but weighing more than 10 pounds;

Product No. 27—"picnic hock off"—means the same cut as Product No. 25 but having the hock removed and weighing not more than 8 pounds;

Product No. 28—"picnic hock off, boneless and tied"—means the same cut as Product No. 27 but boneless and tied or stitched and weighing not more than 7 pounds;

Product No. 29—"picnic hock off boneless, and tied, with dressing"—means the same cut as Product No. 28 with dressing not to exceed 10 per cent of the weight of the finished product and weighing not more than $7\frac{1}{2}$ pounds;

Product No. 30—"trimmed ham"—means that portion (weighing not more than 20 pounds) of the rough ham remaining after all of the following have been removed:—

- (a) hind foot, cut off through the hock joint so as to leave a small showing of the cup joint on the ham;
- (b) tail and tail bones;
- (c) facings (fat covering over the lean meat on the flesh side);
- (d) surplus flank, starting on the feather edge of the ham facing and making a straight cut to a point at the edge of the flank muscle (surplus fat to be trimmed off on the flank side without damaging the fell over the muscle);
- (e) butt trimmings, starting the feather edge just behind the bung making a curved cut without damaging the muscle and just around the corner to the feather edge;

Product No. 31—means the same cut as Product No. 30 but weighing more than 20 pounds;

Product No. 32—"trimmed ham, boneless and tied"—means the same cut as Product No. 30 but boneless and tied or stitched and weighing not more than 18 pounds;

Product No. 33—"trimmed loin"—means that portion (weighing not more than 16 pounds) of the rough loin remaining after skin and surplus fat have been removed, leaving an even covering of fat not exceeding in thickness from $\frac{1}{2}$ inch to $\frac{3}{4}$ inch and with overhanging fat edges bevelled;

Product No. 34—means the same cut as Product No. 33 but weighing more than 16 pounds;

Product No. 35—"boneless back long cut"—means that portion (weighing not more than 12 pounds) of a rough loin remaining after all of the following have been removed:—

- (a) tenderloin;
- (b) back bones and back ribs;
- (c) skin and surplus fat, as in Product No. 33;
- (d) end of the blade bone with the cartilage;
- (e) pin bone and tail bone;

Product No. 36—means the same cut as Product No. 35 but having the false lean at the shoulder end removed and weighing more than 12 pounds;

Product No. 37—"commercial trimmed belly"—means that portion, weighing not more than 15 pounds, of a rough belly remaining after side ribs, brisket bone and red buttons have been removed; flank and brisket ends straightened and, where necessary, loin side backstrapped to remove rough edges and, in the case of Barrow hogs, the string groove removed on the belly side, and in the case of females the rough edges only straightened;

Product No. 38—means the same cut as Product No. 37 but weighing more than 15 pounds;

Product No. 39—"commercial trimmed belly, rib in"—means the same cut as Product No. 37 but without the side ribs having been removed and weighing not more than 16½ pounds;

Product No. 40—"clear back, skin-on, boneless" means that portion of a rough loin weighing more than 28 pounds remaining after all the following have been removed:

(a) tenderloin;

(b) back ribs and bones;

Product No. 41—"short clear, skin-on, boneless"—means that portion of a rough middle weighing more than 50 pounds remaining after all the following have been removed: (a) tenderloin; (b) back and side ribs (c) bones;

Product No. 42—"long clear, skin-on, boneless"—means that portion obtained from either side of a warm dressed hog after chilling and after all the following have been removed: (a) head; (b) leaf lard and kidney; (c) rough ham; (d) tenderloin; (e) back and side ribs; (f) neck, blade and other bones; (g) feet; (h) hock; (i) neck and other surplus fat.

CURED PORK PRODUCTS

Product No. 45—"cottage roll or boneless butt"—means the same cut as Product No. 22 but boneless, rolled or not rolled, tied or not tied, with ragged edges removed and mealed or not mealed;

Product No. 46—"picnic hock on"—means the same cut as Product No. 25 but weighing not more than 10½ pounds;

Product No. 47—means the same cut as Product No. 25 but weighing more than 10½ pounds;

Product No. 48—"picnic hock off"—means the same cut as Product No. 27 but weighing not more than 8½ pounds;

Product No. 49—"picnic hock off, boneless and tied"—means the same cut as Product No. 28 but weighing not more than 7½ pounds;

Product No. 50—"boneless back long cut"—means the same cut as Product No. 35;

Product No. 52—"boneless back short cut"—means the same cut as Product No. 35 but having the buck-eye piece removed by cutting crosswise, just clearing the depression made by removal of the tail bones, and weighing more than 11 pounds and mealed or not mealed;

Product No. 53—"boneless back long cut, in artificial casing"—means the same cut as Product No. 50 but packed in an artificial casing;

Product No. 54—"trimmed ham"—means the same cut as Product No. 30 and weighing not more than 22 pounds;

Product No. 55—means the same cut as Product No. 30 but weighing more than 22 pounds;

Product No. 56—"trimmed ham, boneless and tied"—means the same cut as Product No. 32 but weighing not more than 20 pounds;

Product No. 57—"commercial trimmed belly"—means the same cut as Product No. 37;

Product No. 58—means the same cut as Product No. 57 but weighing more than 15 pounds;

Product No. 59—"commercial trimmed belly, rib in"—means the same cut as Product No. 39;

Product No. 60—"shoulder roll skin on split boneless"—means the cut which may be split into two or more pieces, rolled and tied, obtained from a rough shoulder weighing more than 28 pounds from which all of the following have been removed:—

- (a) neckbones, riblets, glands and blood clots;
- (b) foot;
- (c) jowl;
- (d) all other bones;

Product No. 61—"pork roll skinless, boneless"—means a skinless, boneless cut obtained from any portion of a carcass and being lean meat with an even covering of fat not exceeding in thickness from $\frac{1}{2}$ inch to $\frac{3}{4}$ inch;

Product No. 62—"ham butt roll"—means a skinless, boneless cut obtained from a fresh rough ham weighing more than 23 pounds;

DRY SALT CURED PORK PRODUCTS

Product No. 63—"clear belly"—means the same cut as Product No. 38;

Product No. 64—"clear back"—means the same cut as Product No. 40 but weighing more than 22 pounds;

Product No. 65—"short clear"—means the same cut as Product No. 41 but weighing more than 43 pounds;

Product No. 66—"long clear"—means the same cut as Product No. 42 and weighing more than 60 pounds;

Product No. 67—"jowl"—means the same cut as Product No. 140;

Product No. 68—"fat back, rind on"—means the same cut as Product No. 153;

SMOKED PORK PRODUCTS

Product No. 70—"cottage roll or boneless butt"—means the same cut as Product No. 45 but weighing not more than $7\frac{1}{2}$ pounds;

Product No. 71.—means the same cut as Product No. 70 but packed in an artificial casing and may be tied and weighing not more than 8 pounds;

Product No. 72—"picnic hock on"—means the same cut as Product No. 25;

Product No. 73.—means the same cut as Product No. 72 but weighing more than 10 pounds;

Product No. 74—"picnic hock off"—means the same cut as Product No. 27;

Product No. 75—"picnic hock on boneless"—means the same cut as Product No. 25 but boneless, tied or stitched and weighing not more than 9 pounds;

Product No. 76—"picnic, hock off, boneless and tied"—means the same cut as Product No. 49, but weighing not more than 7 pounds;

Product No. 77.—means the same cut as Product No. 75 but packed in an artificial casing;

Product No. 78.—means the same cut as Product No. 76 but packed in an artificial casing;

Product No. 79.—“picnic ready to serve hock off”—means the same cut as Product No. 27 but processed so that no further cooking is necessary and weighing not more than 7 pounds;

Product No. 80.—“picnic hock on, split, boneless”—means the same cut as Product No. 75 but obtained from a fresh picnic hock on (Product No. 26) and cut into two or more pieces;

Product No. 81.—means the same cut as Product No. 80 but packed in an artificial casing;

Product No. 82.—“pork roll skinless, boneless”—means the same cut as Product No. 61;

Product No. 83.—means the same as Product No. 82 but packed in an artificial casing;

Product No. 84.—“trimmed ham”—means the same cut as Product No. 30, except that skin and surplus fat may be removed from the butt end;

Product No. 85.—means the same cut as Product No. 84 but weighing more than 20 pounds;

Product No. 86.—“skinned ham”—means that cut weighing not more than 18 pounds obtained from a fresh trimmed ham (Product No. 30) by removing the skin and surplus fat from the butt end of the ham for approximately one-third of the length of the ham, leaving only an even covering of fat not exceeding $\frac{3}{4}$ inch in thickness.

Product No. 87.—“boneless, skin on ham”—means the same cut as Product No. 56 but weighing not more than 18 pounds;

Product No. 88.—means the same cut as Product No. 87 but packed in an artificial casing;

Product No. 89.—“boneless, skinless ham”—means that cut, stitched or tied, weighing not more than 14 pounds, obtained from a fresh trimmed ham (Product No. 30) by removing:—

(a) all bones; and

(b) skin and surplus fat, so as to leave only an even covering of fat not exceeding in thickness from $\frac{1}{2}$ inch to $\frac{3}{4}$ inch;

Product No. 90.—means the same cut as Product No. 89 but packed in an artificial casing;

Product No. 92.—“boneless, skinless ham split”—means the same cut as Product No. 89 but obtained from a fresh trimmed ham (Product No. 30) and split into two or more pieces each weighing at least 10 lbs., and packed in an artificial casing;

Product No. 93.—“ham ready to serve bone-in skinned”—means the same cut as Product No. 86 processed so that no further cooking is necessary and weighing not more than 16 pounds;

Product No. 94.—“boneless back long cut”—means the same cut as Product No. 35 but weighing not more than 11 pounds;

Product No. 96.—“boneless back short cut”—means the same cut as Product No. 35 but having the buck-eye piece removed by cutting crosswise, just clearing the depression made by the removal of the tail bone and weighing more than 10 pounds;

Product No. 97.—means the same cut as Product No. 96 but packed in a casing;

Product No. 98—"casing back"—means the same cut as Product No. 35 but having sufficient additional fat removed so as to leave only an even covering of fat not exceeding in thickness from $\frac{1}{4}$ inch to $\frac{1}{2}$ inch on the average and packed in a natural or artificial casing and weighing not more than 10 pounds;

Product No. 99—"sliced back"—means slices obtained from a boneless back long cut (Product No. 94) and wrapped in one-half pound or one-pound packages;

Product No. 100—means slices obtained from a smoked boneless back short cut (Product No. 96) and wrapped in one-half or one-pound packages;

Product No. 101—"No. 2 bacon"—means the same cut as Product No. 57 but weighing not more than 14 pounds;

Product No. 102—"No. 2 heavy bacon"—means the same cut as No. 101 but weighing more than 14 pounds;

Product No. 103—"bacon ends"—means the portion of any smoked belly remaining after slicing has been completed;

Product No. 106—"Fancy bacon"—means a cut weighing not more than 14 pounds obtained from a commercial trimmed cured belly (Product No. 57) that is not obviously excessively fat and is free from bruises, skin cuts (except small blemishes and small cuts) and back hair roots and that has been trimmed according to the following specifications; to be trimmed approximately rectangular in shape; its length to be at least twice its width; its back edge to be trimmed straight so that the fat does not extend over the lean; the belly edge may be trimmed outside of the teat line but the teats to be removed and black seed not to be present; both ends to be straightened; the thickness of the side to be not less than $\frac{3}{4}$ inch at the flank pocket and not more than 3 inches at any point, and hot smoked with a maximum internal temperature of 130 degrees Fahrenheit reached;

Product No. 107—"fancy bacon, rind off"—means the same cut as Product No. 106 but rindless and weighing not more than 13 pounds;

Product No. 108—"No. 2 sliced bacon, rind on"—means slices packed in layers in boxes containing not less than 5 pounds obtained from smoked bacon weighing not more than 14 pounds (Product No. 101);

Product No. 109—"No. 2 heavy bacon rind on"—means slices packed in layers in boxes containing not less than 5 pounds obtained from smoked bacon weighing more than 14 pounds (Product No. 102);

Product No. 110—means the same as Product No. 108 but having the rind off;

Product No. 111—"No. 2 heavy bacon, rind off"—means the same as Product No. 109 but having the rind off;

Product No. 112—"Fancy sliced bacon, rind on"—means selected slices with rind on and free from hook marks or other blemishes wrapped in one-half pound or one-pound packages or in layers obtained from a smoked bacon cut;

Product No. 114—"fancy sliced bacon, rind off"—means specially selected slices from fancy bacon (Product No. 106) that are free from hook marks and other blemishes and are wrapped in one-half pound or one-pound packages or in layers;

COOK PORK PRODUCTS

Product No. 120—"butt"—means the same cut as Product No. 22 but boneless and weighing not more than 6 pounds;

Product No. 121—"picnic hock on, boneless"—means the same cut as Product No. 25 but boneless and tied or stitched and weighing not more than 7 pounds;

Product No. 122—means the same cut as Product No. 121 but weighing more than 7 pounds;

Product No. 123—"boneless, skinless ham"—means the cut weighing not more than 12 pounds obtained from a cured, trimmed ham (Product No. 54) after removal of bones, skin and surplus fat;

Product No. 124—means the same cut as Product No. 123 but packed in an artificial casing;

Product No. 125—"boneless ham, skin on"—means the cut, weighing not more than 14 pounds, obtained from a fresh trimmed ham (Product No. 30) after removal of the bones and surplus fat;

Product No. 126—"boneless, skinless ham, smoked"—means the cut, weighing not more than 12 pounds, obtained from a smoked and cured, trimmed ham after removal of bones, skin and surplus fat;

Product No. 127—"boneless, skinless ham split"—means the same cut as Product No. 123 made from a trimmed ham (Product No. 55) obtained from a fresh trimmed ham (Product No. 31) weighing more than 20 pounds and split into two or more pieces;

Product No. 128—means the same cut as Product No. 127 but packed in an artificial casing;

Product No. 129—"roast butt, boneless and tied, with dressing"—means the same cut as Product No. 24 or Product No. 45, but with dressing not to exceed 10 per cent of the weight of the finished product, and weighing not more than $5\frac{3}{4}$ pounds;

Product No. 130—"roast picnic, hock off, boneless and tied, with dressing"—means the same cut as Product No. 28 or Product No. 49, but with dressing not to exceed 10 per cent of the weight of the finished product, and weighing not more than $5\frac{1}{2}$ pounds;

Product No. 131—"roast ham, skin on, boneless and tied, with dressing"—means the same cut as Product No. 32 or Product No. 56, but with dressing not to exceed 10 per cent of the weight of the finished product, and weighing not more than $13\frac{1}{2}$ pounds;

Product No. 132—"roast loin, boneless and tied, with dressing"—means the same cut as Product No. 35 or Product No. 50, but with dressing not to exceed 10 per cent of the weight of the finished product, and weighing not more than $9\frac{1}{4}$ pounds.

II.—DEFINITIONS OF MISCELLANEOUS PORK PRODUCTS NUMBERED AND NAMED IN SCHEDULE "D"

FRESH PORK PRODUCTS

Product No. 140—"jowl" means that portion removed from the neck end of the rough shoulder when making any trimmed shoulder cut;

Product No. 141—"skinless neck fat"—means that portion of the jowl (Product No. 140) remaining after the skin has been removed;

Product No. 142—"lacone"—means that portion of the rough shoulder obtained by cutting off the front leg parallel to the brisket so as to leave not more than $\frac{1}{2}$ inch of leg on the shoulder;

Product No. 143—"front foot"—mean the front foot removed at the middle knee joint;

Product No. 144—"hock"—means that portion of the lacone remaining after the front foot (Product No. 143) has been removed;

Product No. 145—"extra lean trimmings"—means the skinless, boneless meat consisting of not less than 85 per cent of lean meat obtained when trimming any cut;

Product No. 146—"regular trimmings"—means the skinless, boneless meat consisting of not less than 60 per cent of lean meat obtained when trimming any cut;

Product No. 147—"tenderloin"—means that piece of lean meat lying along the back bone on the underside or inside of the rough loin;

Product No. 148—"back ribs"—means the strip of rib bones and connecting meat tissues, not including the backbone, obtained from the rough loin when making a boneless back;

Product No. 149—"side ribs"—means the strip of bones and connecting meat obtained from the rough belly when making a trimmed belly;

Product No. 150—"leaf lard";

Product No. 151—"back fat, rind on"—means the skin and fat removed from the outside of a rough loin whether it is in pieces or not;

Product No. 152—"back fat, rind off"—means the same cut as Product No. 151 but having rind removed;

Product No. 153—"fat back, rind on" means the strip of fat and skin removed from the outside of a rough loin having a thickness at any point of not less than one inch;

Product No. 154—"neck bones";

Product No. 155—"riblets";

Product No. 156—"backbones";

Product No. 157—"hind foot";

PICKLE OR DRY CURED PORK PRODUCTS

Product No. 187—"neck bones"—means the same cut as Product No. 154;

Product No. 188—"riblets"—means the same cut as Product No. 155;

Product No. 189—"fat back, rind on"—means the same cut as Product No. 151;

Product No. 190—"back ribs"—means the same cut as Product No. 148;

Product No. 191—"side ribs"—means the same cut as Product No. 149

Product No. 192—"hind foot"—means the same cut as Product No. 157;

Product No. 193—"jowl"—means the same cut as Product No. 140;

Product No. 194—"front foot"—means the same cut as Product No. 143;

Product No. 195—"hock"—means the same cut as Product No. 144;

SMOKED PORK PRODUCTS

Product No. 196—"jowl"—means the same cut as cured jowl (Product No. 193);

Product No. 197—"jowl sliced"—means the slices, packed in cartons containing not less than five pounds, obtained from smoked jowl (Product No. 196);

COOKED PORK PRODUCTS

Product No. 201—"hock"—means the same cut as Product No. 144 with or without a coating of jelly;

LARD

Product No. 210—"lard in drums"—means fat from hogs rendered in accordance with the Regulations under the Food and Drugs Act and packed in drums;

Product No. 211—"lard in tierces"—means the same product as Product No. 210 but in tierces;

Product No. 212—"lard in pails or tubs"—means the same product as Product No. 210 but packed in pails or tubs containing 50 or 60 pounds net weight;

Product No. 213—"lard in boxes"—means the same product as Product No. 210 but packed in boxes containing 56 pounds net weight;

Product No. 214—"lard in pails"—means the same product as Product No. 210 but packed in pails containing 20 or 25 pounds net weight;

Product No. 215—"lard in prints"—means the same product as Product No. 210 but in prints weighing one pound net;

III.—DEFINITIONS OF PORK PRODUCTS NUMBERED AND NAMED IN SCHEDULE "E"

Product No. 225—"canned luncheon meat"—means a pork product with or without beef and/or veal but containing not less than 75 per cent net weight of pork which has been chopped, cured and seasoned and solid packed in a rectangular type hermetically sealed metal container containing 12 ounces, net weight of product, and thoroughly cooked, and which conforms to the Regulations respecting canned meat issued under the Food and Drugs Act;

Product No. 226—means the same product as Product No. 225 but packed in a round type hermetically sealed metal container containing 12 ounces, net weight of product;

Product No. 227—means the same product as Product No. 225 but packed in a round type hermetically sealed metal container containing 16 ounces, net weight of product.

Product No. 228—means the same product as Product No. 225 but packed in a rectangular type hermetically sealed metal container containing six pounds, net weight of product;

Product No. 229—"canned spiced ham"—means a pork product consisting entirely of pork which has been chopped, cured and seasoned and solid packed in a round type hermetically sealed metal container containing 12 ounces, net weight of product, and thoroughly cooked and which conforms to the Regulations respecting canned meat issued under the Food and Drugs Act;

Product No. 230—means the same product as Product No. 229 but packed in a round type hermetically sealed metal container containing 16 ounces, net weight of product;

Product No. 231—means the same product as Product No. 229 but packed in a rectangular type hermetically sealed metal container containing six pounds, net weight of product;

Product No. 232—"canned whole pork ham (skinless)"—means the same product as Product No. 56 except that all skin and surplus fat has been removed, and which has had surplus moisture removed by drying or pre-cooking and has been packed whole in a pullman or pear shaped type hermetically sealed metal container containing 7 to 15 pounds, net weight of product, and thoroughly cooked, and which conforms to the Regulations respecting canned meat issued under the Food and Drugs Act;

Product No. 233—"canned whole pork ham (part skinned)"—means the same product as Product No. 232 except that the skin may be left on the shank for a distance not exceeding one-third of the length of the whole ham.

Product No. 234—"canned pork tongue"—means pork tongue domestic trim as defined in Order A-1392 that has been cured, packed in a round type hermetically sealed metal container containing 12 ounces net weight of product and thoroughly cooked and which conforms to the Regulations respecting canned meat issued under the Food and Drugs Act;

Product No. 235—means the same product as Product No. 234 but packed in a rectangular type hermetically sealed metal container containing 6 pounds, net weight of product;

Product No. 236—means the same product as Product No. 229 but packed in a rectangular type hermetically sealed metal container containing 12 ounces, net weight of product.

SCHEDULE "B" TO ADMINISTRATOR'S ORDER NO. A-2211

Definitions of Retail Pork Cuts Listed in Schedules "G" and "H" hereto

Retail
Pork Cut
Number

UNTRIMMED FRESH

- 301 "shoulder, hock on, whole, bone in" means a retail pork cut which is the same as a rough shoulder defined in Part III, Section 11, subsection (a), clause (ii);
- 302 "shoulder, hock off, whole, bone in" means a retail pork cut which is the same as a rough shoulder defined in Part III, Section 11, subsection (a), clause (ii) except that the hock shall be removed;
- 303 "butt, whole, bone in" means that portion of the shoulder defined in 301 remaining after the lower half of the shoulder has been removed by cutting lengthwise parallel to the brisket leaving one-half inch of the neck of the blade bone in the portion removed.
- 304 "butt, whole, boneless" means the same as "butt, whole, bone in" except that the bone shall be removed;
- 305 "picnic, hock on, whole, bone in" means the lower portion of the shoulder defined in 301 remaining after the butt has been removed;
- 306 "picnic, hock off, whole, bone in" means the same as "picnic, hock on, whole, bone in" except that the hock shall be removed;
- 307 "leg of pork, whole, bone in" means a retail pork cut which is the same as a rough ham defined in Part III, Section 11, subsection (a), clause (i) of this Order;

Retail
Pork Cut
Number

UNTRIMMED FRESH

- 308 "loin, whole, bone in" means the loin portion of a rough middle [defined in Part III, Section 11, subsection (a), clause (iii)] obtained by cutting lengthwise in a straight line, just missing the vertebrae at the shoulder end and just including the lower edge of the H bone at the ham end;
- 309 "side, whole, bone in" means the portion of a rough middle remaining after the loin has been removed;
- 310 "side, whole, boneless" means the same as "side, whole, bone in" except that the bone shall be removed;

UNTRIMMED CURED

- 311 "picnic, hock on, whole, bone in" means the same cut as "picnic, hock on, whole bone in" fresh, except that it has been cured;
- 312 "picnic, hock off, whole, bone in" means the same cut as "picnic, hock on, whole, bone in" except that the hock shall be removed;

TRIMMED OR UNTRIMMED, FRESH

"loin, centre cut" means the portion of a "loin, whole, bone in" from the pin bone to and including the fifth rib, numbering from the pin bone end;

SCHEDULE "C" TO ADMINISTRATOR'S ORDER No. A-2211
MAXIMUM WHOLESALE PRICES FOR THE FOLLOWING PORK PRODUCTS
(In cents per pound)

Product Number	Description of Product	Max. Wgt. Col. 1	Wgt. Over Col. 2	ZONES														
				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
		Lbs.	Lbs.															
1	Fresh Carcass, Head On (Tongue in or out) leaf lard and kidney included (or side of such carcass)			24.00	23.50	23.00	23.00	23.00	23.00	23.50	23.00	22.50	21.75	21.25	21.00	22.25	22.50	23.00
2	Carcass, Head on (Tongue in or out) leaf lard and kidney removed (or side of such carcass)	180		24.25	23.75	23.25	23.25	23.25	23.25	23.75	23.25	22.75	22.00	20.50	21.25	22.50	22.75	23.25
3	Carcass, Head On (Tongue in or out) leaf lard and kidney removed (or side of such carcass)	175																
4	Carcass, Head On (Tongue in or out) leaf lard and kidney removed (or side of such carcass)	180		22.25	21.75	21.25	21.25	21.25	21.25	21.75	21.25	20.75	20.00	19.50	19.25	20.50	20.75	21.25
5	Carcass, Head removed, leaf lard and kidney included (or side of such carcass)	170		25.00	24.50	24.00	24.00	24.00	24.00	24.50	24.00	23.50	22.75	22.25	22.00	23.25	23.50	24.00
6	Carcass, Head, leaf lard and kidney removed (or side of such carcass)	165		23.00	22.50	22.00	22.00	22.00	22.00	22.50	22.00	21.50	20.75	20.25	20.00	21.25	21.50	22.00
17	removed (or side of such carcass)	165		25.25	24.75	24.25	24.25	24.25	24.25	24.75	24.25	23.75	23.00	22.50	22.25	23.50	23.75	24.25
18	New York Shoulder, Hook On	20		25.50	25.00	24.50	24.50	24.50	24.50	25.00	24.50	24.00	23.25	22.75	22.50	23.75	24.00	24.50
19	New York Shoulder, Hook On	20		26.75	26.25	25.75	25.75	25.75	25.75	26.25	25.75	25.25	24.50	24.00	23.75	25.00	25.25	25.75
20	New York Shoulder, Hook Off	18		26.75	26.25	25.75	25.75	25.75	25.75	26.25	25.75	25.25	24.50	24.00	23.75	25.00	25.25	25.75
21	Montreal Shoulder	20		25.50	25.00	24.50	24.50	24.50	24.50	25.00	24.50	24.00	23.25	22.75	22.50	23.75	24.00	24.50
22	Butt	20		28.75	28.25	27.75	27.75	27.75	27.75	28.25	27.75	27.25	26.50	26.00	25.75	27.00	27.25	27.50
23	Butt	8		28.75	28.25	27.75	27.75	27.75	27.75	28.25	27.75	27.25	26.50	26.00	25.75	27.00	27.25	27.50
24	Butt, Boneless and Tied	7 1/2		28.25	27.75	27.25	27.25	27.25	27.25	27.75	27.25	26.75	26.00	25.50	25.25	26.50	26.75	27.00
25	Penic, Hook On	10		32.50	32.00	31.50	31.50	31.50	31.50	32.00	31.50	31.00	30.25	29.75	29.50	31.00	31.25	31.50
26	Penic, Hook Off	10		22.75	22.25	21.75	21.75	21.75	21.75	22.25	21.75	21.25	20.50	20.00	19.75	21.00	21.25	21.50
27	Penic, Hook Off	8		20.75	20.25	19.75	19.75	19.75	19.75	20.25	19.75	19.25	18.50	18.00	17.75	19.00	19.25	19.50
28	Penic, Hook Off, Boneless and Tied	8		25.25	24.75	24.25	24.25	24.25	24.25	24.75	24.25	23.75	23.00	22.50	22.25	23.50	23.75	24.00
29	Penic, Hook Off, Boneless and Tied with dressing	7		29.50	29.00	28.50	28.50	28.50	28.50	29.00	28.50	28.00	27.25	26.75	26.50	27.75	28.00	28.50
30	Trimmed Ham	7 1/2		27.75	27.25	26.75	26.75	26.75	26.75	27.25	26.75	26.25	25.50	25.00	24.75	26.25	26.50	26.75
31	Trimmed Ham	20		30.25	29.75	29.25	29.25	29.25	29.25	29.75	29.25	28.75	28.00	27.50	27.25	28.50	28.75	29.00
32	Trimmed Ham, Boneless and Tied	18		28.75	28.25	27.75	27.75	27.75	27.75	28.25	27.75	27.25	26.50	26.00	25.75	27.00	27.25	27.50
				35.00	34.50	34.00	34.00	34.00	34.00	34.50	34.00	33.50	32.75	32.25	32.00	33.25	33.50	34.00

(In cents per pound)

Product Number	Description of Product	Max. Wgt. Over Col. 1	Col. 2	ZONES															
				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
		Lbs.	Lbs.																
33	FRESH (Cont.) Trimmed Loin.....	16	34.00	33.50	33.00	33.00	33.00	33.00	33.00	33.50	33.00	32.50	31.75	31.25	31.00	32.25	32.50	32.00	
34	Trimmed Loin.....	16	32.00	31.50	31.00	31.00	31.00	31.00	31.00	31.50	31.00	30.50	29.75	29.25	29.00	30.25	30.50	31.00	
35	Boneless Back, Long Cut.....	12	40.75	40.25	39.75	39.75	39.75	39.75	39.75	40.25	39.75	39.25	38.50	38.00	37.75	39.00	39.25	39.75	
36	Boneless Back, Long Cut.....	12	36.75	36.25	35.75	35.75	35.75	35.75	35.75	36.25	35.75	35.25	34.50	34.00	33.75	35.00	35.25	35.75	
37	Commercial Trimmed Belly.....	15	30.25	29.75	29.25	29.25	29.25	29.25	29.25	29.75	29.25	28.75	28.00	27.50	27.25	28.50	28.75	29.25	
38	Commercial Trimmed Belly.....	15	25.25	24.75	24.25	24.25	24.25	24.25	24.25	24.75	24.25	23.75	23.00	22.50	22.25	23.50	23.75	24.25	
39	Commercial Trimmed Belly, Rib In.....	16½	29.50	29.00	28.50	28.50	28.50	28.50	28.50	29.00	28.50	28.00	27.25	26.75	26.50	27.75	28.00	28.50	
	CURED																		
45	Cottage Roll, or Boneless Butt.....	8	32.75	32.25	31.75	31.75	31.75	31.75	31.75	32.50	32.00	31.50	30.75	30.50	30.25	31.50	31.75	32.25	
46	Picnic, Hock On.....	10½	23.00	22.50	22.00	22.00	22.00	22.00	22.00	22.75	22.25	21.75	21.00	20.75	20.50	21.75	22.00	22.50	
47	Picnic, Hock On.....	10½	21.00	20.50	20.00	20.00	20.00	20.00	20.00	20.75	20.25	19.75	19.00	18.75	18.50	19.75	20.00	20.50	
48	Picnic, Hock Off.....	8½	25.00	24.50	24.00	24.00	24.00	24.00	24.00	24.75	24.25	23.75	23.00	22.75	22.50	23.75	24.00	24.50	
49	Picnic, Hock Off, Boneless and Tied.....	7½	29.00	28.50	28.00	28.00	28.00	28.00	28.00	29.00	28.50	28.00	27.25	27.00	26.75	28.00	28.25	28.75	
50	Boneless Back, Long Cut.....	12	41.25	40.75	40.25	40.25	40.25	40.25	40.25	41.00	40.50	40.00	39.25	39.00	38.75	40.00	40.25	40.75	
52	Boneless Back, Short Cut.....	39.25	38.75	38.25	38.25	38.25	38.25	38.25	38.25	39.00	38.50	38.00	37.25	37.00	36.75	38.00	38.25	38.75	
53	Boneless Back, Long Cut, in artificial casing.....	12	42.75	42.25	41.75	41.75	41.75	41.75	41.75	42.50	42.00	41.50	40.75	40.50	40.25	41.50	41.75	42.25	
54	Trimmed Ham.....	22	30.25	29.75	29.25	29.25	29.25	29.25	29.25	30.00	29.50	29.00	28.25	28.00	27.75	29.00	29.25	29.75	
55	Trimmed Ham.....	22	28.25	27.75	27.25	27.25	27.25	27.25	27.25	28.00	27.50	27.00	26.25	26.00	25.75	27.00	27.25	27.75	
56	Trimmed Ham, Boneless and Tied.....	20	35.75	35.25	34.75	34.75	34.75	34.75	34.75	35.50	35.00	34.50	33.75	33.50	33.25	34.50	34.75	35.25	
57	Commercial Trimmed Belly.....	15	31.00	30.50	30.00	30.00	30.00	30.00	30.00	30.75	30.25	29.75	29.00	28.75	28.50	30.00	30.30	30.50	
58	Commercial Trimmed Belly.....	15	26.00	25.50	25.00	25.00	25.00	25.00	25.00	25.75	25.25	24.75	24.00	23.75	23.50	24.75	25.00	25.50	
59	Commercial Trimmed Belly, Rib In.....	16½	30.25	29.75	29.25	29.25	29.25	29.25	29.25	30.00	29.50	29.00	28.25	28.00	27.75	29.00	29.25	29.75	
60	Shoulder Roll, skin on, split, boneless (made from fresh rough shoulder weighing over 28 lb.).....		29.75	29.25	28.75	28.75	28.75	28.75	28.75	29.50	29.00	28.50	27.75	27.25	27.25	28.50	28.75	29.25	
61	Pork Roll, Skinless, Boneless.....		30.75	30.25	29.75	29.75	29.75	29.75	29.75	30.50	30.00	29.50	28.75	28.50	28.25	29.50	29.75	30.25	
62	Ham Butt Roll (from fresh rough ham weighing over 28 lbs.).....		30.75	30.25	29.75	29.75	29.75	29.75	29.75	30.50	30.00	29.50	28.75	28.50	28.25	29.50	29.75	30.25	
	Dry Salt Cured																		
63	Clear Belly.....	15	26.75	26.25	25.75	25.75	25.75	25.75	25.75	26.50	26.00	25.50	24.75	24.50	24.25	25.50	25.75	26.25	
64	Clear Back.....	22	32.75	32.25	31.75	31.75	31.75	31.75	31.75	32.50	32.00	31.50	30.75	30.50	30.25	31.50	31.75	32.25	
65	Short Clear.....	43	30.00	29.50	29.00	29.00	29.00	29.00	29.00	29.75	29.25	28.75	28.00	27.75	27.50	28.75	29.00	29.50	
66	Long Clear.....	60	27.25	26.75	26.25	26.25	26.25	26.25	26.25	27.00	26.50	26.00	25.25	25.00	24.75	26.00	26.25	26.75	
67	Jowls.....		15.00	14.50	14.00	14.00	14.00	14.00	14.00	14.50	14.00	13.50	12.75	12.50	12.25	13.50	13.75	14.25	
68	Back Fat, Rind On.....		20.50	20.00	19.50	19.50	19.50	19.50	19.50	20.00	19.50	19.00	18.25	18.00	17.50	18.75	19.00	19.50	

(In cents per pound)

Product Number	Description of Product	Max. Wgt. Over Col. 1	Wgt. Lbs.	ZONES														
				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
70	SMOKED Cottage Roll or Boneless Butt, in artificial casing.	7 1/2	Lbs.	39.25	38.75	38.25	38.25	38.25	38.25	39.00	38.50	38.00	37.25	37.00	36.75	38.00	38.25	38.75
71	Picnic, Hook On.	8	Lbs.	40.75	40.25	39.75	39.75	39.75	39.75	40.50	40.00	39.50	38.75	38.50	38.25	39.50	39.75	40.25
72	Picnic, Hook On.	10	Lbs.	27.25	27.25	26.75	26.75	26.75	26.75	27.50	27.00	26.50	25.75	25.50	25.25	26.50	26.75	27.25
73	Picnic, Hook Off.	10	Lbs.	25.75	25.25	24.75	24.75	24.75	24.75	25.50	25.00	24.50	23.75	23.50	23.25	24.50	24.75	25.25
74	Picnic, Hook On, Boneless.	8	Lbs.	30.25	29.75	29.25	29.25	29.25	29.25	30.00	29.50	29.00	28.25	28.00	27.75	29.00	29.25	29.75
75	Picnic, Hook On, Boneless and Tied.	9	Lbs.	33.00	32.50	32.00	32.00	32.00	32.00	32.75	32.25	31.75	31.00	30.75	30.50	31.75	32.00	32.50
76	Picnic, Hook On, Boneless in artificial casing.	7	Lbs.	35.00	34.50	34.00	34.00	34.00	34.00	34.75	34.25	33.75	33.00	32.75	32.50	33.75	34.00	34.50
77	Picnic, Hook Off, Boneless and Tied in artificial casing.	9	Lbs.	35.00	34.50	34.00	34.00	34.00	34.00	34.75	34.25	33.75	33.00	32.75	32.50	33.75	34.00	34.50
78	Picnic, ready to serve, Hook Off.	7	Lbs.	36.75	36.25	35.75	35.75	35.75	35.75	36.50	36.00	35.50	34.75	34.50	34.25	35.50	35.75	36.25
79	Picnic, Hook On, Split, Boneless (from fresh picnic, Hook On, over 10 lbs.).	7	Lbs.	35.50	35.00	34.50	34.50	34.50	34.50	35.25	34.75	34.25	33.50	33.25	33.00	34.25	34.50	35.00
80	Picnic, Hook On, Split, Boneless in artificial casing (made from a fresh picnic hook on weighing over 10 lbs.).	7	Lbs.	32.50	32.00	31.50	31.50	31.50	31.50	32.25	31.75	31.25	30.50	30.25	30.00	31.25	31.50	32.00
81	Picnic, Hook On, Split, Boneless in artificial casing (made from a fresh picnic hook on weighing over 10 lbs.).	20	Lbs.	34.50	34.00	33.50	33.50	33.50	33.50	34.25	33.75	33.25	32.50	32.25	32.00	33.25	33.50	34.00
82	Pork Roll, Skinless, Boneless.	18	Lbs.	34.00	33.50	33.00	33.00	33.00	33.00	33.75	33.25	32.75	32.00	31.75	31.50	32.75	33.00	33.50
83	Pork Roll, Skinless, Boneless in artificial casing.	20	Lbs.	36.00	35.50	35.00	35.00	35.00	35.00	35.75	35.25	34.75	34.00	33.75	33.50	34.75	35.00	35.50
84	Trimmed Ham.	18	Lbs.	36.50	36.00	35.50	35.50	35.50	35.50	36.25	35.75	35.25	34.50	34.25	34.00	35.25	35.50	36.00
85	Trimmed Ham.	20	Lbs.	34.50	34.00	33.50	33.50	33.50	33.50	34.25	33.75	33.25	32.50	32.25	32.00	33.25	33.50	34.00
86	Boneless, Skin on Ham.	18	Lbs.	43.75	43.25	42.75	42.75	42.75	42.75	43.50	43.00	42.50	41.75	41.50	41.25	42.50	42.75	43.25
87	Boneless, Skin on Ham in artificial casing.	18	Lbs.	45.00	44.50	44.00	44.00	44.00	44.00	44.75	44.25	43.75	43.00	42.75	42.50	43.75	4.400	44.50
88	Boneless, Skinless Ham.	14	Lbs.	46.50	46.00	45.50	45.50	45.50	45.50	46.25	45.75	45.25	44.50	44.25	44.00	45.25	4.590	46.00
89	Boneless, Skinless Ham in artificial casing.	14	Lbs.	48.00	47.50	47.00	47.00	47.00	47.00	47.75	47.25	46.75	46.00	45.75	45.50	46.75	4.700	47.50
90	Boneless, Skinless Ham split, in artificial casing (from a fresh trimmed ham weighing more than 20 lbs.).	16	Lbs.	46.00	45.50	45.00	45.00	45.00	45.00	45.75	45.25	44.75	44.00	43.75	43.50	44.75	45.00	45.50
91	Ham, ready to serve, bone in, skinned.	16	Lbs.	42.25	41.75	41.25	41.25	41.25	41.25	42.00	41.50	41.00	40.25	40.00	39.75	41.00	41.25	41.75
92	Boneless back, Long Cut.	11	Lbs.	48.50	48.00	47.50	47.50	47.50	47.50	48.25	47.75	47.25	46.50	46.25	46.00	47.25	47.50	48.00
93	Boneless Back, Short Cut.	10	Lbs.	46.50	46.00	45.50	45.50	45.50	45.50	46.25	45.75	45.25	44.50	44.25	44.00	45.25	45.50	46.00
94	Boneless Back, Short Cut in casing.	10	Lbs.	48.50	48.00	47.50	47.50	47.50	47.50	48.25	47.75	47.25	46.50	46.25	46.00	47.25	47.50	48.00
95	Casing Back.	10	Lbs.	55.75	55.25	54.75	54.75	54.75	54.75	55.50	55.00	54.50	53.75	53.50	53.25	54.50	54.75	55.25

PRICES

1975

(In cents per pound)

Product Number	Description of Product	Max. Wgt. Col. 1	Wgt. Over Col. 2	ZONES															
				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
		Lbs.	Lbs.																
	SMOKED (Cont.)																		
99	Sliced Back			55.75	55.25	54.75	54.75	54.75	54.75	55.50	55.00	54.50	53.75	53.50	53.25	54.50	54.75		55.25
100	Sliced Back (made from Smoked Boneless Back, Short Cut, weighing over 10 lbs.)	14		51.75	51.25	50.75	50.75	50.75	50.75	51.50	51.00	50.50	49.75	49.50	49.25	50.50	50.75	51.25	51.25
101	No. 2 Heavy Bacon	14		37.75	37.25	36.75	36.75	36.75	36.75	37.50	37.00	36.50	35.75	35.50	35.25	36.50	36.75	37.25	37.25
102	No. 2 Heavy Bacon	14		33.75	33.25	32.75	32.75	32.75	32.75	33.50	33.00	32.50	31.75	31.50	31.25	32.50	32.75	33.25	33.25
103	Bacon Ends	14		20.25	19.75	19.25	19.25	19.25	19.25	20.00	19.50	19.00	18.25	18.00	17.75	19.00	19.25	19.75	19.75
104	Fancy Bacon	13		39.50	39.00	38.50	38.50	38.50	38.50	39.25	38.75	38.25	37.50	37.25	37.00	38.25	38.50	39.00	39.00
105	Fancy Bacon, Rind Off	13		42.00	41.50	41.00	41.00	41.00	41.00	41.75	41.25	40.75	40.00	39.75	39.50	40.75	41.00	41.50	41.50
106	No. 2 Sliced Bacon, Rind On	14		42.00	41.50	41.00	41.00	41.00	41.00	41.75	41.25	40.75	40.00	39.75	39.50	40.75	41.00	41.50	41.50
107	No. 2 Heavy Sliced Bacon, Rind On	14		40.00	39.50	39.00	39.00	39.00	39.00	39.75	39.25	38.75	38.00	37.75	37.50	38.75	39.00	39.50	39.50
108	No. 2 Sliced Bacon, Rind Off	14		44.00	43.50	43.00	43.00	43.00	43.00	43.75	43.25	42.75	42.00	41.75	41.50	42.75	43.00	43.50	43.50
109	No. 2 Heavy Sliced Bacon, Rind Off	14		42.00	41.50	41.00	41.00	41.00	41.00	41.75	41.25	40.75	40.00	39.75	39.50	40.75	41.00	41.50	41.50
110	No. 2 Heavy Sliced Bacon, Rind On	14		45.25	44.75	44.25	44.25	44.25	44.25	44.75	44.25	43.75	43.00	42.75	42.50	43.75	44.00	44.50	44.50
111	Fancy Sliced Bacon, Rind On	14		48.00	47.50	47.00	47.00	47.00	47.00	47.50	47.00	46.50	45.75	45.50	45.25	46.50	46.75	47.25	47.25
112	Fancy Sliced Bacon, Rind Off	14																	
113	COOKED																		
120	Butt, Hook On, Boneless	6		45.50	45.00	44.50	44.50	44.50	44.50	45.00	44.50	44.00	43.25	43.00	42.75	44.00	44.25	44.75	44.75
121	Picnic, Hook On, Boneless	7		39.00	38.50	38.00	38.00	38.00	38.00	38.50	38.00	37.50	36.75	36.50	36.25	37.50	37.75	38.25	38.25
122	Picnic, Hook On, Boneless	7		37.00	36.50	36.00	36.00	36.00	36.00	36.50	36.00	35.50	34.75	34.50	34.25	35.50	35.75	36.25	36.25
123	Boneless, Skinless Ham	12		53.75	53.25	52.75	52.75	52.75	52.75	53.25	52.75	52.25	51.50	51.00	50.75	52.00	52.25	52.75	52.75
124	Boneless, Skinless Ham in artificial casing	12		55.00	54.50	54.00	54.00	54.00	54.00	54.50	54.00	53.50	52.75	52.50	52.00	53.25	53.50	54.00	54.00
125	Boneless Ham Skin On	14		50.50	50.00	49.50	49.50	49.50	49.50	50.00	49.50	49.00	48.25	48.00	47.75	49.00	49.25	49.50	49.50
126	Boneless, Skinless Ham, Smoked	12		55.50	55.00	54.50	54.50	54.50	54.50	55.00	54.50	54.00	53.25	53.00	52.75	54.00	54.25	54.50	54.50
127	Boneless, Skinless Ham, Split made from a fresh trimmed ham weighing over 20 lbs.	12		51.75	51.25	50.75	50.75	50.75	50.75	51.25	50.75	50.25	49.50	49.00	48.75	50.00	50.25	50.75	50.75
128	Boneless, Skinless Ham, Split, in artificial casing made from a fresh trimmed ham, weighing over 20 lbs.	12																	
129	Roast Butt, Boneless and Tied, with Dressing	5		53.00	52.50	52.00	52.00	52.00	52.00	52.50	52.00	51.50	50.75	50.25	50.00	51.25	51.50	52.00	52.00
130	Roast Picnic, Hook Off, Boneless and Tied, with Dressing	5		48.50	48.00	47.50	47.50	47.50	47.50	48.25	47.75	47.25	46.50	46.25	46.00	47.25	47.50	48.00	48.00
131	Roast Ham, Skin On, Boneless and Tied with Dressing	13		44.25	43.75	43.25	43.25	43.25	43.25	43.75	43.25	42.75	42.00	41.75	41.50	42.75	43.00	43.50	43.50
132	Roast Loin, Boneless and Tied with Dressing	9		50.00	49.50	49.00	49.00	49.00	49.00	49.25	48.75	48.25	47.50	47.25	47.00	48.25	48.50	49.00	49.00
133	Roast Loin, Boneless and Tied with Dressing	9		59.25	58.75	58.25	58.25	58.25	58.25	58.75	58.25	57.75	57.00	56.50	56.00	57.25	57.50	58.00	58.00

SCHEDULE "D" TO ADMINISTRATOR'S ORDER No. A-2211
MAXIMUM WHOLESALE PRICES FOR THE FOLLOWING PORK PRODUCTS
(In cents per pound)

Product Number	Description of Product	ZONES														
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
FRESH																
140	Jowl.....	16.00	15.50	15.00	15.00	15.00	15.00	15.50	15.00	14.50	13.75	13.50	13.25	14.50	14.75	15.25
141	Skinless Neck Fat.....	18.00	17.50	17.00	17.00	17.00	17.00	17.50	17.00	16.50	15.75	15.50	15.25	16.50	16.75	17.25
142	Lacone.....	12.50	12.00	11.50	11.50	11.50	11.50	11.75	11.25	10.75	10.00	9.75	9.25	10.50	10.75	11.25
143	Front Foot.....	6.75	6.25	5.75	5.75	5.75	5.75	6.50	6.00	5.50	4.75	4.75	4.50	5.75	6.00	6.50
144	Hock.....	14.00	13.50	13.00	13.00	13.00	13.00	13.25	12.75	12.25	11.50	11.25	10.75	12.00	12.25	12.75
145	Extra Lean Trimmings.....	26.50	26.00	25.50	25.50	25.50	25.50	26.25	25.75	25.25	24.00	23.75	23.25	24.50	24.75	25.25
146	Regular Trimmings.....	22.50	22.00	21.50	21.50	21.50	21.50	21.75	21.25	20.75	20.00	19.75	19.25	20.50	20.75	21.25
147	Tenderloin.....	46.00	45.50	45.00	45.00	45.00	45.00	45.25	44.75	44.25	43.50	43.25	42.75	44.00	44.25	44.75
148	Back Ribs.....	28.50	28.00	27.50	27.50	27.50	27.50	27.25	26.75	26.25	25.50	25.25	24.75	26.00	26.25	26.75
149	Side Ribs.....	25.50	25.00	24.50	24.50	24.50	24.50	24.25	23.75	23.25	22.50	22.25	21.75	23.00	23.25	23.75
150	Leaf Lard.....	21.00	20.50	20.00	20.00	20.00	20.00	20.50	20.00	19.50	18.75	18.50	18.00	19.25	19.50	20.00
151	Back Fat, Rind On.....	18.25	17.75	17.25	17.25	17.25	17.25	17.75	17.25	16.75	16.00	15.75	15.25	16.50	16.75	17.25
152	Back Fat, Rind Off.....	19.00	18.50	18.00	18.00	18.00	18.00	18.50	18.00	17.50	16.75	16.50	16.00	17.25	17.50	18.00
153	Fat Back, Rind On.....	19.25	18.75	18.25	18.25	18.25	18.25	18.75	18.25	17.75	17.00	16.75	16.25	17.50	17.75	18.25
154	Neck Bones.....	5.00	4.50	4.00	4.00	4.00	4.00	4.50	4.00	3.50	3.75	3.75	3.50	4.75	5.00	5.50
155	Riblets.....	6.25	5.75	5.25	5.25	5.25	5.25	5.50	5.00	4.50	4.75	4.75	4.50	5.75	6.00	6.50
156	Back Bones.....	4.75	4.25	3.75	3.75	3.75	3.75	4.25	3.75	3.25	3.50	3.50	3.25	4.50	4.75	5.25
157	Hind Foot.....	6.25	5.75	5.25	5.25	5.25	5.25	6.00	5.50	5.00	4.25	4.25	4.00	5.25	5.50	6.00
CURED																
187	Neck Bones.....	5.25	4.75	4.25	4.25	4.25	4.25	5.75	5.25	4.75	4.00	4.00	3.75	5.00	5.25	5.75
188	Riblets.....	6.50	6.00	5.50	5.50	5.50	5.50	6.75	6.25	5.75	5.00	5.00	4.75	6.00	6.25	6.75
189	Fat Back, Rind On.....	20.00	19.50	19.00	19.00	19.00	19.00	19.50	19.00	18.50	17.75	17.50	17.00	18.25	18.50	19.00
190	Back Ribs.....	28.75	28.25	27.75	27.75	27.75	27.75	29.25	28.75	28.25	26.50	26.25	25.75	27.00	27.25	27.75
191	Side Ribs.....	25.75	25.25	24.75	24.75	24.75	24.75	26.25	25.75	25.25	23.50	23.25	22.75	24.00	24.25	24.75
192	Hind Foot.....	6.50	6.00	5.50	5.50	5.50	5.50	6.25	5.75	5.25	4.50	4.50	4.25	5.50	5.75	6.25
193	Jowl.....	16.50	16.00	15.50	15.50	15.50	15.50	16.00	15.50	15.00	14.25	14.00	13.75	15.00	15.25	15.75
194	Front Foot.....	7.50	7.00	6.50	6.50	6.50	6.50	7.25	6.75	6.25	5.50	5.50	5.25	6.50	6.75	7.25
195	Hock.....	14.50	14.00	13.50	13.50	13.50	13.50	13.75	13.25	12.75	12.00	11.50	11.25	12.50	12.75	13.25

PRICES

1977

(In cents per pound)

Product Number	Description of Product	ZONES														
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	SMOKED															
196	Jowl.....	22.75	22.25	21.75	21.75	21.75	21.75	22.00	21.50	21.00	20.25	20.00	19.75	21.00	21.25	21.75
197	Jowl—Sliced.....	27.00	26.50	26.00	26.00	26.00	26.00	26.25	25.75	25.25	24.50	24.25	24.00	25.25	25.50	26.00
	COOKED															
201	Hoek.....	23.25	22.75	22.25	22.25	22.25	22.25	22.25	21.75	21.25	20.50	20.00	19.75	21.00	21.25	21.75
	LARD															
210	In Drums (drums returnable).....	22.50	22.00	21.50	21.50	21.50	21.50	22.25	21.75	21.25	20.50	20.25	20.00	21.25	21.50	22.00
211	In Tierces.....	23.00	22.50	22.00	22.00	22.00	22.00	22.75	22.25	21.75	21.00	20.75	20.50	21.75	22.00	22.50
212	In Pails or Tubs, 50 or 60 lb. net weight. . .	23.25	22.75	22.25	22.25	22.25	22.25	23.00	22.50	22.00	21.25	21.00	20.75	22.00	22.25	22.75
213	In Boxes, 56 lb. net weight.	23.25	22.75	22.25	22.25	22.25	22.25	23.00	22.50	22.00	21.25	21.00	20.75	22.00	22.25	22.75
214	In Pails, 20 or 25 lb. net weight.	24.00	23.50	23.00	23.00	23.00	23.00	23.75	23.25	22.75	22.00	21.75	21.50	22.75	23.00	23.50
215	In Prints, 1 lb. net weight.	23.25	22.75	22.25	22.25	22.25	22.25	23.00	22.50	22.00	21.25	21.00	20.75	22.00	22.25	22.75

SCHEDULE "E" TO ADMINISTRATOR'S ORDER No. A-2211
MAXIMUM WHOLESALE PRICES FOR SALES BY THE PROCESSOR OF THE FOLLOWING PORK PRODUCTS

Prod. No.	Description of Product	Net Contents and Type of Container	Price Basis	ZONES														
				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
225	Canned Luncheon Meat	12 oz. Rectangular	\$ & ¢ per doz....	4.06	4.00	3.94	3.94	3.94	3.94	4.01	3.95	3.88	3.82	3.79	3.75	3.83	3.86	3.92
226	Canned Luncheon Meat	12 oz. Round	\$ & ¢ per doz....	3.86	3.80	3.74	3.74	3.74	3.74	3.81	3.75	3.68	3.62	3.59	3.55	3.63	3.66	3.72
227	Canned Luncheon Meat	16 oz. Round	\$ & ¢ per doz....	5.01	4.94	4.86	4.86	4.86	4.86	4.94	4.87	4.78	4.70	4.65	4.60	4.70	4.74	4.80
228	Canned Luncheon Meat	6 lbs. Rectangular	¢ per pound....	41.00	40.50	40.00	40.00	40.00	40.00	40.50	40.00	39.50	38.75	38.50	38.00	39.25	39.50	40.00
229	Canned Spiced Ham	12 oz. Round	\$ & ¢ per doz....	4.33	4.27	4.21	4.21	4.21	4.21	4.24	4.18	4.11	4.05	4.01	3.96	4.04	4.07	4.13
230	Canned Spiced Ham	16 oz. Round	\$ & ¢ per doz....	5.64	5.57	5.49	5.49	5.49	5.49	5.52	5.45	5.36	5.28	5.22	5.16	5.26	5.30	5.37
231	Canned Spiced Ham	6 lbs. Rectangular	¢ per pound....	46.25	45.75	45.25	45.25	45.25	45.25	45.75	45.25	44.75	44.00	43.75	43.25	44.50	44.75	45.25
232	Canned Whole Pork Ham	7 to 15 lbs. Pullman or Pear Shaped	¢ per pound....	54.50	54.00	53.50	53.50	53.50	53.50	54.00	53.50	53.00	52.25	52.00	51.75	53.00	53.25	53.75
233	Canned Whole Pork Ham	7 to 15 lbs. Pullman or Pear Shaped	¢ per pound....	51.50	51.00	50.50	50.50	50.50	50.50	51.00	50.50	50.00	49.25	49.00	48.75	50.00	50.25	50.75
234	Canned Pork Tongue	12 oz. Round	\$ & ¢ per doz....	4.76	4.70	4.64	4.64	4.64	4.64	4.59	4.53	4.46	4.40	4.35	4.29	4.37	4.40	4.46
235	Canned Pork Tongue	6 lb. Rectangular	¢ per pound....	49.75	49.00	48.25	48.25	48.25	48.25	47.75	47.25	46.50	45.75	45.00	44.50	45.25	45.75	46.25
236	Canned Spiced Ham	12 oz. Rectangular	\$ & ¢ per doz....	4.53	4.47	4.41	4.41	4.41	4.41	4.44	4.38	4.31	4.25	4.21	4.16	4.24	4.27	4.33

SCHEDULE "F" TO ADMINISTRATOR'S ORDER No. A-2211
 MAXIMUM WHOLESALE PRICES FOR THE FOLLOWING PORK PRODUCTS, SOLD BETWEEN PROCESSORS
 (In cents per pound)
 F.O.B. SELLER'S PLANT

Description of Product	Maximum Weight Col 1	Weight Over Col. 2	ZONES														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Lbs.	Lbs.															
Prime Steam or Dry Rendered Lard—																	
(a) in tank cars.....			19.50	19.50	19.00	19.00	19.00	19.00				18.00	17.75	17.50	18.50	19.00	19.00
(b) in tierces.....			20.25	20.25	19.75	19.75	19.75	19.75				18.75	18.50	18.25	19.25	19.75	19.75
Fresh Skinned Hams.....	18		32.00	32.00	31.50	31.50	31.50	31.50				30.50	30.25	30.00	31.50	31.50	31.50
Fresh Rough Middles (50 lb. up).....			25.50	25.50	25.00	25.00	25.00	25.00				24.00	23.75	23.50	24.00	25.00	25.00
Fresh Rough Loins (28 lb. up).....			27.50	27.50	27.00	27.00	27.00	27.00				25.75	25.50	25.25	26.25	26.75	26.75
Fresh Rough Bellies (22 lb. up).....			23.25	23.25	22.75	22.75	22.75	22.75				21.75	21.50	21.25	22.25	22.75	22.75
Fresh No. 1 Trimmed Bellies.....	14½		29.75	29.75	29.25	29.25	29.25	29.25				28.25	28.00	27.75	28.75	29.25	29.25
Cured No. 1 Trimmed Bellies.....		15	31.25	31.25	30.75	30.75	30.75	30.75				29.75	29.50	29.25	30.25	30.75	30.75
Boneless Sow, Skin Off (Same cut as Product No. 5 in Schedule "A", with bones removed).....			27.50	27.50	27.00	27.00	27.00	27.00				26.00	25.75	25.50	26.50	27.00	27.00
Boneless Sow, Skin Off (Same cut as Product No. 5 in Schedule "A", with the bones and skin removed).....			30.00	30.00	29.50	29.50	29.50	29.50				28.25	28.00	27.75	28.75	29.25	29.25

SCHEDULE "C" TO ADMINISTRATOR'S ORDER No. A-2211
MAXIMUM RETAIL PRICES FOR THE FOLLOWING PORK CUTS

Area A—Zones 1, 2, 7,
Area B—Zones 3, 4, 5, 6, 8, 9, 14, 15
Area C—Zones 10, 13
Area D—Zones 11, 12

Pounds Per Coupon	DESCRIPTION OF CUT	Price in cents per pound									
		Standard Weight				Heavy					
		Derived from		AREAS				Derived from		AREAS	
		Product Number	Retail Pork Cut Number	A	B	C	D	Product Number	Retail Pork Cut Number	A	B C D
2½	New York Shoulder, Hock On, Whole.....	17	301	34	34	32	31	18	301	31	31 30 28
2½	New York Shoulder, Hock On, Whole.....			31	31	29	28			28	27 25 23
2	New York Shoulder, Hock Off, Whole.....	19	302	35	35	34	32	19x	302	33	32 30 29
2	New York Shoulder, Hock Off, Whole.....			33	33	31	29			30	29 28 26
2	New York Shoulder, Hock Off, Whole.....	20		34	34	32	31	21		31	30 29 28
2	Montreal Shoulder.....	22		39	39	38	36	23	303	37	36 34 32
1½	Butt, Whole, Pieces or Chops.....			35	35	34	32			33	32 30 29
2	Butt, Whole, Pieces or Chops.....			33	33	31	29			31	30 29 28
2	Butt, Whole, Pieces or Chops.....	24	304	43	43	42	39	24x	304	41	41 39 37
2	Butt, Whole, Pieces or Chops.....			41	41	39	37			39	38 36 34
2½	Picnic, Hock On, Whole.....	25	305	31	31	29	27	26	305	29	28 26 25
3	Picnic, Hock On, Shank End.....	25		27	27	26	25			26	25 24 23
3	Picnic, Hock On, Shank End.....			29	29	28	27			28	27 26 25
2	Picnic, Hock On, Top End or Chops from Top End.....	25	305	34	34	33	30	26	305	31	30 29 28
2	Picnic, Hock On, Top End or Chops from Top End.....			32	32	31	28			29	28 27 26
2	Picnic, Hock Off, Whole, Pieces or Chops.....	27	306	32	32	31	28	27x	306	31	30 29 27
2½	Picnic, Hock Off, Whole, Pieces or Chops.....			34	34	33	30			29	28 27 26
1½	Picnic, Hock Off, Whole, Pieces or Chops.....			40	40	39	36	28x		37	36 35 33
2	Picnic, Hock Off, Tied, With Dressing, Whole or Pieces.....	28		37	37	36	34			38	37 36 35
2	Ham, Whole.....	29		42	42	41	40	31		38	37 36 35
2½	Leg of Pork, Whole.....	30	307	42	42	41	39	31	307	38	37 36 35
2	Ham, Shank End (No centre slices removed).....			37	37	36	35			33	32 30 29
2½	Leg of Pork, Shank End (No centre slices removed).....	30		40	40	39	38	31	307	36	35 34 32
2½	Ham, Shank End (Centre slices removed).....			34	34	33	32			30	29 28 27
2	Ham, Butt End (No centre slices removed).....	30		39	39	38	37	31		35	34 33 32
2	Leg of Pork, Butt End (No centre slices removed).....	30	307	44	44	43	42	31	307	40	39 38 37
2	Ham, Butt End (No centre slices removed).....			40	40	39	38			36	35 34 32
2	Ham, Butt End (Centre slices removed).....	30		42	42	41	40	39	307	38	37 36 35
1½	Ham, Centre slices.....	30		47	47	45	44	31		43	42 40 38

NOTE: Wherever X appears after a number, the retail cut so designated conforms in trim, but not in weight to the retail cut in the same horizontal line of the standard weight column.

PRICES

1981

FRESH PORK (Cont.)

Pounds Per Coupon		DESCRIPTION OF CUT	Price in cents per pound										
			Standard Weight				Heavy						
			Derived from		AREAS		Derived from		AREAS				
			Product Number	Retail Pork Cut Number	A	B	C	D	Product Number	Retail Pork Cut Number	A	B	C	D
1 1/2	Ham, Whole, Pieces or Slices.	(Regular Trim) Boneless	32		47	47	45	44	32x	43	43	42	40
2 1/2	Loin, Whole or Half.	(Regular Trim) Bone In	33		46	45	44	42	34	38	37	36	35
2 1/2	Loin, Whole or Half.	(Trimmed) "	33	308	41	40	39	37		47	46	45	44
2 1/2	Loin, Centre Cut (Roasts or Chops)	(Regular Trim) "	33		50	49	48	46	34	308	42	41	40
2 1/2	Loin, Centre Cut (Roasts or Chops)	(Trimmed) "	33	308	45	44	43	41		42	41	40	39
2 1/2	Loin, Centre Cut (Roasts or Chops)	(Trimmed) "	33	308	43	42	41	39	34	308	35	34	33
2 1/2	Loin, Centre Cut (Roasts or Chops)	(Trimmed) "	33	308	38	37	36	34		35	34	33	32
2 1/2	Loin, Centre Cut (Roasts or Chops)	(Trimmed) "	35		54	54	53	51	36	308	50	49	48
2 1/2	Back, Whole, Pieces or Slices.	(Regular Trim) Boneless	39		39	39	38	36	39x	309	32	32	31
2 1/2	Side, Whole or Pieces.	(Regular Trim) Bone In	37		37	37	36	34	38	308	33	32	30
1 1/2	Side, Whole, Pieces or Slices.	(Trimmed) Boneless	37	310	40	39	37	35		310	31	31	30
1 1/2	Side, Whole, Pieces or Slices.	(Trimmed) "	110		38	38	37	35	140	22	21	21	19
3	Jowl, Kind On, Whole, Pieces or Slices.	(Trimmed) "	142		22	21	21	14	112	16	16	14	13
0	Feet.	(Regular Trim) Bone In	143, 157		8	16	14	13		8	8	8	8
3	Hoek.	(Regular Trim) Bone In	143, 157		19	18	17	15	143, 157	19	18	17	15
1 1/2	Tenderloin.	(Regular Trim) "	147		63	62	59	57	147	63	62	59	57
0	Back Ribs.	(Regular Trim) Boneless	148		39	38	34	33	148	39	38	34	33
0	Side Ribs.	(Regular Trim) Bone In	149		35	34	31	30	149	35	34	31	30
0	Neck or Back Bones.	(Regular Trim) "	154, 156		6	6	6	6	154, 156	6	6	6	6
0	Riblets.	(Regular Trim) "	155		8	8	8	8	155	8	8	8	8
0	Fat, Kind On or Kind Off.	(Regular Trim) Boneless	141, 151		25	24	24	23	141, 151	25	24	24	23
0	Leaf Lard.	(Regular Trim) "	152, 153		23	23	22	21	152, 153	23	22	21	20
1 1/2	Trimnings, Kind Off, 55% Lean.	(Regular Trim) "	145		28	27	26	24	150	28	27	26	24
2	Trimnings, Kind Off, 60% Lean.	(Regular Trim) "	146		36	35	34	32	145	36	35	34	32
		(Regular Trim) "	146		30	29	28	26	146	30	29	28	26

NOTE: Wherever X appears after a number, the retail cut so designated conforms in trim, but not in weight to the retail cut in the same horizontal line of the standard weight column.

SCHEDULE "H" TO ADMINISTRATOR'S ORDER No. A-2211
MAXIMUM RETAIL PRICES FOR THE FOLLOWING PORK CUTS

CURED PORK

Area A—Zones 1, 2, 7,
Area B—Zones 3, 4, 5,
Area C—Zones 10, 13
Area D—Zones 11, 12

Pounds Per Coupon	DESCRIPTION OF CUT	Price in cents per pound					
		Standard Weight			Heavy		
		Derived from		AREAS		Derived from	
		Product Number	Retail Pork Cut Number	A	B	C	D
1	Cottage Roll or Butt Whole Pieces or Slices	45		48	47	46	44
1	Picnic, Hock On, Whole	46	311	34	33	32	31
2	Picnic, Hock On, Shank End	46		32	31	30	29
3	Picnic, Hock On, Shank End	46	311	32	31	30	29
2	Picnic, Hock On, Top End or Slices from Top End	46		36	35	34	33
2	Picnic, Hock On, Top End or Slices from Top End	46	311	36	35	34	33
2	Picnic, Hock Off, Whole, Pieces or Slices	48		34	33	32	31
2	Picnic, Hock Off, Whole, Pieces or Slices	48	312	34	33	32	31
2	Picnic, Hock Off, Whole, Pieces or Slices	49		42	41	40	39
2	Picnic, Hock Off, Whole, Pieces or Slices	49	312	42	41	40	39
2	Ham, Whole End (No Centre Slices Removed)	54		44	43	42	41
2	Ham, Shank End (Centre Slices Removed)	54		42	41	40	39
2	Ham, Shank End (Centre Slices Removed)	54		40	39	38	37
2	Ham, Butt End (No Centre Slices Removed)	54		46	45	44	43
2	Ham, Butt End (No Centre Slices Removed)	54		44	43	42	41
2	Ham, Centre Slices	54		51	50	49	48
1	Ham, Centre Slices	54		51	50	49	48
1	Ham, Whole, Pieces or Slices	56		51	50	49	48
1	Ham, Whole, Pieces or Slices	56		51	50	49	48
1	Back, Shoulder End Pieces or Ham End Pieces	50, 53		56	55	54	53
1	Back, Shoulder End Pieces or Ham End Pieces	50, 53		56	55	54	53
1	Back, Shoulder End Pieces or Ham End Pieces	50, 53		63	62	61	60
1	Back, Centre Slices	50, 53		63	62	61	60
1	Back, Centre Slices	50, 53		63	62	61	60
1	Back, Centre Slices	50, 53		63	62	61	60
1	Side, Whole, Pieces or Slices	57		44	43	42	41
1	Side, Whole, Pieces or Slices	57		44	43	42	41
1	Shoulder Roll, Rind On, Whole or Pieces	61		45	44	43	42
1	Shoulder Roll, Rind Off	61		45	44	43	42
1	Ham, Butt Roll, Rind Off	193		24	23	22	21
1	Jowl Rind On, Whole Pieces or Slices	192, 194		21	20	19	18
0	Feet	195		21	20	19	18
0	Back Ribs	190		42	41	40	39
0	Side Ribs	191		38	37	36	35
0	Neck Bones	187		7	6	5	4
0	Riblets	188		8	7	6	5
0	Fat Back, Rind On	189		29	28	27	26

NOTE: Wherever X appears after a number, the retail cut so designated conforms in trim, but not in weight to the retail cut in the same horizontal line of the standard weight column.

SCHEDULE "J" TO ADMINISTRATOR'S ORDER No. A-2211
MAXIMUM RETAIL PRICES FOR THE FOLLOWING PORK CUTS

SMOKED PORK

Area A—Zones 1, 2, 7
Area B—Zones 3, 4, 5, 6, 8, 9, 14, 15
Area C—Zones 10, 13
Area D—Zones 11, 12

Pounds Per Coupon	DESCRIPTION OF CUT	Price in cents per pound									
		Standard Weight					Heavy				
		Derived from Product Number	AREAS				Derived from Product Number	AREAS			
			A	B	C	D		A	B	C	D
1 1/4	Cottage Roll or Butt, Whole, Pieces or Slices	70	58	58	57	55	—	38	37	36	34
2 3/4	Picnic, Hook on, Whole	72	41	40	39	37	73	36	34	32	30
3	Picnic, Hook on, Shank End	72	39	38	37	35	73	36	35	33	31
2	Picnic, Hook on, Top End or Slices from Top End	72	44	43	42	40	80	41	40	39	37
2	Picnic, Hook off, Whole, Pieces or Slices	74	44	43	42	40	80	41	40	39	37
1 1/4	Picnic, Hook off, Whole, Pieces or Slices	75	52	49	47	45	81	49	48	47	46
1 1/4	Picnic, Hook off, Whole, Pieces or Slices	76	53	52	51	50	82	51	50	49	48
1 1/4	Pork Roll, Shankless	—	—	—	—	—	—	—	—	—	—
1 1/4	Ham, Whole	84	51	53	52	51	82	51	51	50	48
2	Ham, Shank End (no centre slices removed)	84	52	51	50	49	82	51	50	49	48
2	Ham, Shank End (centre slices removed)	84	48	47	46	45	82	49	48	47	46
2 3/4	Ham, Shank	84	30	30	30	30	82	30	30	30	30
3	Ham, Butt End (no centre slices removed)	84	50	53	53	53	82	53	53	52	50
2	Ham, Butt End (centre slices removed)	84	55	54	53	52	82	52	52	51	49
2	Ham, Centre Slices	84	63	63	63	61	82	59	59	58	56
1 1/4	Ham, Ring On, Whole, Pieces or Slices	88	63	63	63	66	92	66	66	64	62
1 1/4	Ham, Ring Off, Whole, Pieces or Slices	89	70	70	69	67	95	69	69	67	65
1 1/4	Back, Whole or Half, Pieces or Slices	94	71	71	70	69	96	70	69	68	67
1 1/4	Back, Shoulder End, Pieces or Slices	94	75	72	71	69	96	70	69	67	65
1 1/4	Back, Centre Piece	99	77	76	75	74	100	70	68	66	64
1 1/4	Back, Sliced in Half or One Pound Packages Net Weight	94	73	71	70	69	96	71	71	69	67
1 1/4	Back, Shank Sliced	98	82	81	79	78	—	—	—	—	—
1 1/4	Casing Back, Whole or Pieces	98	82	81	79	78	—	—	—	—	—
1 1/4	Casing Back, Slices	98	82	81	79	78	—	—	—	—	—
1 1/4	Side Bacon, Fancy, Ring On, Whole or Pieces	106	57	57	56	54	—	—	—	—	—
1 1/4	Side Bacon, Fancy Sliced Ring On in 1/2 or 1 lb. pkgs. net weight	112	61	61	60	58	—	—	—	—	—
1 1/4	Side Bacon, Fancy Sliced Ring Off in 1/2 or 1 lb. pkgs. net weight	109	59	59	58	56	—	—	—	—	—
1 1/4	Side Bacon, Fancy, Ring Off, Whole or Pieces	107	62	61	61	59	—	—	—	—	—
1 1/4	Side Bacon, Fancy Sliced, Ring Off, in 1/2 or 1 lb. pkgs. net weight	114	66	65	64	63	—	—	—	—	—
1	Side Bacon, Fancy Sliced, Ring Off	107	64	63	63	61	102	50	49	49	47
1 1/4	Side Bacon, No. 2, Ring On, Whole or Pieces	101	54	54	53	51	109	52	51	51	49
1 1/4	Side Bacon, No. 2, Sliced Ring On, in Layers	108	51	53	53	51	111	58	57	57	55
1 1/4	Side Bacon, No. 2, Sliced, Ring Off, in Layers	110	61	60	59	58	103	28	28	27	25
2 1/4	Bacon Ends	32	32	32	31	29	196	32	31	29	29
2 1/4	Jowl, Whole or Pieces	196	32	32	31	29	196	32	31	29	29
2 1/4	Jowl, Sliced	197	39	38	38	36	197	39	38	38	36

SCHEDULE "K" TO ADMINISTRATOR'S ORDER No. A-2211
MAXIMUM RETAIL PRICES FOR THE FOLLOWING PORK CUTS

Area A—Zones 1, 2, 7,
Area B—Zones 3, 4, 5, 6, 8, 9, 14, 15
Area C—Zones 10, 13
Area D—Zones 11, 12

Pounds Per Coupon	DESCRIPTION OF CUT	STANDARD WEIGHT				
		Derived from Product Number	Price in cents per pound AREAS			
			A	B	C	D
1	Butt, Whole, Pieces or Slices.	120	70	69	69	67
1	Butt, (Roast with Dressing) Whole, Pieces or Slices.					
1	Picnic, Hock on, Whole, Pieces or Slices.					
1	Picnic, Hock off, (Roast with Dressing) Whole, Pieces or Slices.					
1	Picnic, Hock off, (Roast with Dressing) Whole, Pieces or Slices.	121, 122	60	59	56	55
1½	Picnic, Hock Off, (ready to serve) Whole or Pieces.					
1	Ham, Rind off, Whole, Pieces or Slices.	79	54	53	52	51
1	Ham, Rind on, Whole, Pieces or Slices.					
1	Ham, Rind on (roast with dressing) Whole, Pieces or Slices.	123, 124 126 125	81	81	79	77
1	Ham, Rind off (ready to serve) Whole or Pieces.					
1½	Ham, Rind off (made from heavy ham) Whole, Pieces or Slices.	131	76	76	74	72
1	Loin, Rind off (roast with dressing) Whole, Pieces or Slices.					
2½	Hook, Whole.	98	65	64	63	61
1	Ham, Rind off (ready to serve) Whole or Pieces.					
1	Ham, Rind off (made from heavy ham) Whole, Pieces or Slices.	127, 128	79	78	76	74
1	Loin, Rind off (roast with dressing) Whole, Pieces or Slices.					
1	Loin, Rind off (roast with dressing) Whole, Pieces or Slices.	132	91	90	88	86
2½	Hook, Whole.					
2½	Hook, Whole.	201	35	34	33	31
2½	Hook, Whole.					

WARTIME PRICES AND TRADE BOARD

Administrator's Order No. A-2428

PORK PRODUCTS

Under powers given by the Wartime Prices and Trade Board to the Administrator of Meat and Meat Products, it is hereby ordered as follows:

1. This Order shall come into force on September 1, 1947.

2. Administrator's Order No. A-2211 as amended, is hereby further amended by increasing the maximum price set forth in the Schedules thereto for each of the products set forth in the following table by the amount in cents per pound opposite those products:

Product Number	Increase Cents
<i>Schedule "C" (Wholesale)</i>	
1 to 6 inclusive (Carcass)	1½
17 to 39 inclusive (Fresh)	2
45 to 62 inclusive (Cured)	2
63 to 68 inclusive (Dry Salt Cured)	2
70 to 114 inclusive (Smoked)	2½
120 to 132 inclusive (Cooked)	2½
<i>Schedule "D" (Wholesale)</i>	
140 to 157 inclusive (Fresh)	2
187 to 195 inclusive (Cured)	2
196 and 197 (Smoked)	2½
201 (Cooked)	2½
<i>Schedule "F" (Wholesale)</i>	
Excepting prime steam or dry rendered lard in tank cars or tierces, which remain at maximum prices in effect on August 30, 1947, all other products listed therein....	2
<i>Schedule "G" (Fresh Pork, Retail)</i>	
All products listed therein	3
<i>Schedule "H" (Cured Pork, Retail)</i>	
All products listed therein	3
<i>Schedule "J" (Smoked Pork, Retail)</i>	
All products listed therein	4
<i>Schedule "K" (Cooked Pork, Retail)</i>	
All products listed therein	4

Dated at Ottawa, August 26, 1947.

F. S. GRISDALE,
Administrator of Meat
and Meat Products.

APPROVED:

K. W. TAYLOR,

Chairman, Wartime Prices and Trade Board.

NOTE.—Appendix "D", Chart (Exhibit 98) on next page.

APPENDIX "E"

EXHIBIT No. 94

COMPARISON OF WHOLESALE BEEF PRICES (CARCASSES) WITH FORMER CEILING PRICES
(Average in cents per pound)

	TORONTO			MONTREAL			WINNIPEG			EDMONTON			VANCOUVER		
	Red	Comm.	Cow	Red	Comm.	Cow	Red	Comm.	Cow	Red	Comm.	Cow	Red	Comm.	Cow
Former Ceiling	25.00	25.00	17.50	25.00	23.00	18.00	23.75	21.75	16.75	23.25	21.25	16.75	24.25	22.25	17.75
Oct. 27, 1947	25.50	23.75	17.75	27.00	23.75	19.00	24.50	22.00	17.75	25.00	22.25	18.25	26.00	23.75	19.25
30, 1947	26.00	23.75	19.50	26.50	24.25	18.75	23.75	21.75	17.75	25.00	22.25	17.75	26.00	23.75	19.25
Nov. 6, 1947	26.25	24.25	20.00	25.25	22.50	18.50	24.50	21.50	17.00	24.75	21.75	18.00	26.00	23.00	18.75
13, 1947	26.00	22.50	18.00	25.25	22.00	18.00	24.50	22.00	17.00	24.25	20.25	18.25	26.00	23.00	18.75
20, 1947	26.00	22.50	17.50	27.00	22.00	19.00	23.75	19.75	17.00	22.00	18.50	17.00	26.00	23.00	18.50
27, 1947	26.50	23.50	18.50	26.00	24.00	19.00	24.50	21.00	17.50	23.00	19.50	17.00	26.00	23.00	18.50
Dec. 11, 1947	27.25	25.00	18.50	26.50	25.00	20.00	24.50	21.00	17.50	25.00	22.50	18.50	26.00	23.00	19.00
23, 1947	28.00	25.50	20.00	28.00	26.00	21.00	26.00	22.50	18.00	26.00	23.50	19.50	27.50	25.00	20.50
31, 1947	28.50	26.00	20.50	27.50	25.00	20.50	26.25	23.50	19.00	27.00	24.00	19.00	27.50	25.50	20.50
Jan. 8, 1948	27.00	25.50	21.00	27.00	25.00	21.00	27.00	23.50	19.50	26.50	23.00	19.00	27.00	25.00	20.00
20, 1948	28.00	26.50	21.00	28.00	26.00	21.00	27.00	23.50	19.50	26.50	23.00	19.00	27.00	25.00	20.00
26, 1948	27.00	25.50	21.00	27.00	25.00	21.00	26.50	23.50	19.50	26.50	23.00	19.00	27.00	25.00	20.00
Feb. 2, 1948	27.50	26.00	21.00	27.00	25.00	21.00	27.00	23.50	19.50	26.50	23.00	19.00	27.00	25.00	20.00
10, 1948	28.00	25.50	21.00	27.00	25.00	21.00	27.00	23.50	19.50	26.50	23.00	19.00	27.00	25.00	20.00
12, 1948	28.00	25.50	21.00	27.00	25.00	21.00	27.00	23.50	19.50	26.50	23.00	19.00	27.00	25.00	20.00
16, 1948	27.00	25.00	21.00	27.00	25.50	21.00	26.00	23.50	19.50	26.50	23.00	19.00	26.50	24.50	20.00
24, 1948	27.00	24.00	21.00	27.00	25.00	21.00	26.00	23.50	19.50	26.50	23.00	19.00	26.50	24.50	20.00
Mar. 2, 1948	27.50	25.50	21.00	27.50	25.00	21.00	26.50	24.00	20.00	25.75	23.25	19.75	26.50	24.50	20.50
9, 1948	28.50	26.50	22.00	28.00	26.00	22.00	27.00	25.00	21.00	26.00	24.00	19.50	26.50	24.50	20.50
16, 1948	28.50	27.50	22.00	28.75	26.50	22.00	27.25	25.75	21.00	27.00	25.00	20.00	26.50	24.50	20.50

Source: W.P.T.B. Regional Offices.

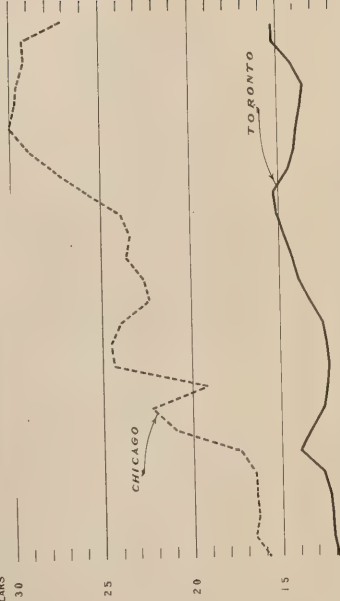
NOTE:—The regional offices of the Wartime Prices and Trade Board made a weekly survey of meat prices. The instructions to the regional offices were to cover a representative sample of independent and chain stores for retail prices. The wholesale survey includes large and small operators. There are 10 or more retail prices in the average for each city. The number of wholesale prices runs from 4 to 6 depending on the number of packers in the particular city.

LIVESTOCK PRICES

1946-47-48

NATIVE BEEF CATTLE PRICES, CHICAGO -----
GOOD BUTCHER STEERS UP TO 1,050 LBS, TORONTO -----

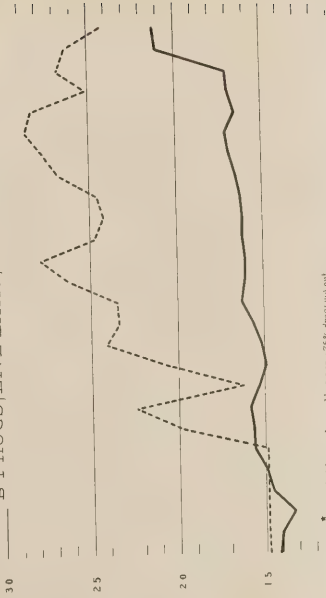
DOLLARS
PER
CWT 30



HOGS, BULK, 200-240 LBS., CHICAGO -----
B-1 HOGS, LIVE BASIS, TORONTO -----



HOGS, BULK, 200-240 LBS., CHICAGO -----
B-1 HOGS, LIVE BASIS, TORONTO -----



* Converted from a dressed basis on a 75% dressing out

Source: Dominion Dept of Agriculture
1947
1948

Prepared for the information of the House of Commons Special Committee
on Prices by the Secretariat, under the direction of Henry King.

COMPARISON OF PRICES OF SELECTED RED BRAND BEEF CUTS AT RETAIL
WITH FORMER CEILINGS

(Average in cents per pound)

October 30, 1947, to March 16, 1948

	Sirloin steak or roast	5 bone rib roast B-In B-Less		Stewing beef	Hamburger
TORONTO					
Former Ceiling	53	40	53	28	28
Oct. 30, 1947.....	53	36	51	30	28
Nov. 13, 1947.....	53½	40	55½	29	29
Jan. 12, 1948.....	59	45	55	29	30
Jan. 26, 1948.....	60	47	59	29	30
Feb. 10, 1948.....	60	..	57½	.....	31
Feb. 24, 1948.....	57½	47	55	.....	34
Mar. 2, 1948.....	54	..	56½	.....	30
Mar. 9, 1948.....	60	45	56½	33	28
Mar. 16, 1948.....	59	43	55	31½	28½

MONTREAL					
Former Ceiling.....	53	40	53	28	28
Oct. 30, 1947.....	55½	40	53	28	28
Nov. 13, 1947.....	58½	48	52½	27½	26½
Dec. 9, 1947.....	54	41	51½	31	29
Dec. 31, 1947.....	55	40	52½	30	28
Jan. 12, 1948.....	57	46	55	37	40
Jan. 26, 1948.....	61	49½	58	35	34½
Feb. 10, 1948.....	58	45	57	33½	31½
Feb. 24, 1948.....	60	48	57	35	37
Mar. 2, 1948.....	58	44	53	33½	31
Mar. 9, 1948.....	55	45	55	33½	29½
Mar. 16, 1948.....	57	39	55½	33	29½

WINNIPEG					
Former Ceiling.....	51	37	50	27	27
Oct. 30, 1947.....	51	36½	48	28	26½
Nov. 13, 1947.....	51½	37½	47½	27	26
Dec. 9, 1947.....	50	36	45	25	25
Dec. 31, 1947.....	51	36½	46	26	26½
Jan. 12, 1948.....	52	37	52½	29	26
Jan. 26, 1948.....	53	39	51½	26	26
Feb. 10, 1948.....	51	38½	50	26½	26¾
Feb. 24, 1948.....	50	39	50	28	26
Mar. 2, 1948.....	53	39	52	26	27
Mar. 9, 1948.....	51½	37	45	27½	26
Mar. 16, 1948.....	53	39	48	27	26

EDMONTON					
Former Ceiling.....	51	36	48	26	26
Oct. 30, 1947.....	48	36	47	30	28
Nov. 13, 1947.....	48	38	46½	30½	28
Dec. 9, 1947.....	48	36	46½	30	27
Dec. 31, 1948.....	48	36	46½	30	27
Jan. 12, 1948.....	49	40	47	32	29
Jan. 26, 1948.....	50	40	49	34	29
Feb. 10, 1948.....	50	40	49	31	31
Feb. 24, 1948.....	50	40	49	31	31
Mar. 2, 1948.....	48	41	47	30	28
Mar. 9, 1948.....	47	39	..	30	29
Mar. 16, 1948.....	48	39	..	30	28

COMPARISON OF PRICES OF SELECTED RED BRAND BEEF CUTS AT RETAIL
WITH FORMER CEILINGS—*Concluded*

(Average in cents per pound)

October 30, 1947, to March 16, 1948

	Sirloin steak or roast	5 bone rib roast B-in B-Less		Stewing beef	Hamburger
VANCOUVER					
Former Ceiling.....	52	39	52	27	27
Oct. 30, 1947.....	55	42½	53¾	32	29
Nov. 13, 1947.....	53½	44½	55½	32	29
Dec. 9, 1947.....	54½	41½	51	29½	27
Dec. 31, 1947.....	53	42	53	30	29
Jan. 12, 1948.....	58	44	55½	35½	31
Jan. 26, 1948.....	57½	44½	53	34	32
Feb. 24, 1948.....	58	43	54	36	32
Mar. 2, 1948.....	58	43	54	36	32
Mar. 9, 1948.....	57	44	54	35	33
Mar. 16, 1948.....	55	43	53	34	32

Source: Wartime Prices and Trade Board Regional Offices.

MONTHLY AVERAGE PRICES GOOD BUTCHER STEERS AT TORONTO UP TO
1,050 POUNDS

1941—to date

(dollars per cwt.)

	1947	1946	1945	1944	1943	1942	1941
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
January.....	13 36	11 88	11 37	11 78	11 36	9 35	8 37
February.....	13 98	12 10	11 26	11 76	11 64	9 71	8 58
March.....	14 24	12 12	11 54	11 68	11 77	10 00	8 62
April.....	14 66	12 28	11 90	11 61	11 75	10 36	8 58
May.....	15 05	12 60	12 31	11 78	11 79	10 91	8 61
June.....	15 28	13 89	12 57	12 04	12 40	12 44	8 78
July.....	14 47	13 22	12 12	11 71	12 53	10 63	8 71
August.....	14 02	12 54	11 70	11 10	11 92	9 94	8 79
September.....	13 92	12 35	11 03	11 04	11 28	10 45	8 95
October.....	13 70	12 28	10 56	10 51	11 06	10 05	8 81
November.....	13 51	12 37	10 70	10 63	11 19	10 16	8 63
December.....	14 19	12 61	11 60	11 04	11 68	10 89	8 90
YEARLY AVERAGE....	14 28	12 45	11 65	11 39	11 76	10 29	8 70
January, 1948.....	15 21						
February, 1948.....	15 25						

Source: Market information section, Department of Agriculture.

COMPARISON OF WHOLESALE PORK PRICES WITH FORMER CEILING PRICES
(CARCASSES) HEAD OFF, LEAF LARD AND KIDNEY OUT
(Average in cents per pound)

	Toronto	Montreal	Winnipeg	Edmonton	Vancouver
	cts.	cts.	cts.	cts.	cts.
Former ceiling.....	25.75	25.75	24.50	23.75	25.25
Oct. 27, 1947.....	26.75		26.75	24.00	
30.....		25.25	27.25	24.75	28.00
Nov. 6.....	26.75	24.50	25.25	24.75	28.00
13.....	27.50	24.75	25.75	24.75	28.00
20.....	26.00	24.75	25.75	24.75	29.25
27.....	26.50	26.75	25.75	24.00	27.00
Dec. 11.....	26.50	25.50	25.75	23.75	28.00
23.....	26.50	25.75	25.75	24.00	27.75
31.....	28.00	25.50	25.25	23.50	27.75
Jan. 8, 1948.....	34.75	31.00	31.00	29.00	34.25
16.....				29.50	
20.....	33.75	30.75	31.00	30.00	34.75
26.....	31.25	31.25	31.00	30.00	34.75
Feb. 2.....	34.00	31.25	30.75	29.00	
10.....	33.75	31.25	30.75	29.00	
16.....	33.75	29.75	31.50	30.00	
24.....	33.50	30.00	30.75	30.00	34.25
Mar. 2.....	34.00	30.25	28.50	31.00	34.00
9.....	34.00	30.25	31.25	31.00	34.25
16.....	34.00	30.50	31.25	31.00	34.25

SOURCE: Wartime Prices and Trade Board Regional Offices.

COMPARISON OF PRICES OF SELECTED PORK CUTS WHOLESALE AND RETAIL WITH
FORMER CEILING PRICES

(Average in cents per pound)

October 30, 1947—March 16, 1948

PORK

	Loins Fresh		Smoked Trimmed Ham		Smoked Cottage Roll (art. casing)		Fancy Side Bacon ½ lb. pkg.		Cas- ing back	Cook- ed ham
	W	R	W	R	W	R	W	R	W	W
Former Ceiling.....	35	48	38	57	42½	62	49½	69	57½	56½
Oct. 30, 1947.....	36	47	36½	55	41½	59	50	71	58½	.....
Nov. 13, 1947.....	35½	47	38	53	41	60	49½	69½	57½	.....
Jan. 12, 1948.....	44½	57	45	55½	48	64	64	77½	63	.....
Jan. 26, 1948.....	44½	59	43	58	48	64	64	77	.....	.....
Feb. 10, 1948.....	44	57	43	59	47	65	63	78	62	.....
Feb. 24, 1948.....	44	58	42	52	47	62	62	80	58	.....
Mar. 2, 1948.....	44	54	41	51	46	64	59	77½	58	.....
Mar. 9, 1948.....	44½	52	41	54	47	61	62	80	63½	.....
Mar. 16, 1948.....	44½	52	41½	54	48	61½	63	80	64	.....

TORONTO

COMPARISON OF PRICES OF SELECTED PORK CUTS WHOLESALE AND RETAIL WITH
FORMER CEILING PRICES—*Concluded*

(Average in cents per pound)

October 30, 1947—March 16, 1948

PORK

	Loins Fresh		Smoked Trimmed Ham		Smoked Cottage Roll (art. casing)		Fancy Side Bacon $\frac{1}{2}$ lb. pkg.		Cas- ing back	Cook- ed ham
	W	R	W	R	W	R	W	R	W	W
MONTREAL										
<i>Former Ceiling</i>	35	48	38	57	42 $\frac{1}{2}$	62	49 $\frac{1}{2}$	69	57 $\frac{1}{4}$	56 $\frac{1}{2}$
Oct. 30, 1947.....	33	44	37 $\frac{1}{2}$	54 $\frac{1}{2}$	39 $\frac{1}{2}$	60	47 $\frac{1}{2}$	68 $\frac{1}{2}$	53 $\frac{1}{4}$	.....
Nov. 13, 1947.....	32	41 $\frac{1}{2}$	38 $\frac{1}{2}$	52 $\frac{1}{2}$	41 $\frac{1}{2}$	57	48	66 $\frac{1}{2}$	57	.....
Dec. 6, 1947.....	32	40	40 $\frac{1}{2}$	50	41 $\frac{1}{2}$	50	46 $\frac{1}{2}$	62	50	.....
Dec. 31, 1947.....	34	44	38	52	41	57	49	63 $\frac{1}{2}$	56	.....
Jan. 12, 1948.....	39	57	44	51 $\frac{1}{2}$	45	59	54	71	58	.....
Jan. 26, 1948.....	37	55	42	54	42	60	56	72	58	.....
Feb. 10, 1948.....	37 $\frac{1}{2}$	51	41	54	41	60	52 $\frac{1}{2}$	70	57	.....
Feb. 24, 1948.....	39	51	42	52	43	59	53	69	58	.....
Mar. 2, 1948.....	39	49	42	52	43	59	50	71	57	.....
Mar. 9, 1948.....	39 $\frac{1}{2}$	48	43	54	45	60	53	74	60 $\frac{1}{2}$	.....
Mar. 16, 1948.....	41	48	41	52	45 $\frac{1}{2}$	58	55	74	58 $\frac{1}{2}$	.....

WINNIPEG

<i>Former Ceiling</i>	33 $\frac{3}{4}$	47	37	56	41 $\frac{1}{2}$	61	48 $\frac{1}{2}$	68	56 $\frac{1}{4}$	55 $\frac{1}{2}$
Oct. 30, 1947.....	34 $\frac{1}{2}$	44	40 $\frac{1}{2}$	54	44	57	50 $\frac{1}{2}$	63	57	.....
Nov. 13, 1947.....	34 $\frac{1}{2}$	46 $\frac{1}{2}$	38	53 $\frac{3}{4}$	41 $\frac{1}{2}$	58 $\frac{1}{2}$	51	67	57	.....
Dec. 9, 1947.....	32 $\frac{1}{2}$	43 $\frac{1}{2}$	38	51 $\frac{1}{2}$	44	54	52	64 $\frac{1}{2}$	.....	.....
Dec. 31, 1947.....	33	43	38	51 $\frac{1}{2}$	44	54	52	66	.....	.....
Jan. 12, 1948.....	38 $\frac{1}{2}$	57	46	60	50	66	63	82	60	66 $\frac{1}{2}$
Jan. 26, 1948.....	39	52	45 $\frac{1}{2}$	59	51	63	63	77	61	66 $\frac{1}{2}$
Feb. 10, 1948.....	41 $\frac{1}{2}$	49	43	59 $\frac{1}{2}$	41	60	62	79 $\frac{1}{2}$	49	.....
Feb. 24, 1948.....	42 $\frac{1}{2}$	52	43	55	41	62	62	80	49	.....
Mar. 2, 1948.....	43 $\frac{1}{2}$	52	43	.....	49	58	62	85	55	.....
Mar. 9, 1948.....	43 $\frac{1}{2}$	53 $\frac{1}{2}$	42	57 $\frac{1}{2}$	49	60 $\frac{1}{2}$	62	82	64	.....
Mar. 16, 1948.....	43 $\frac{1}{2}$	53	42	56	49	62	62	82	64	.....

EDMONTON

<i>Former Ceiling</i>	33	45	36 $\frac{1}{2}$	55	40 $\frac{3}{4}$	59	47 $\frac{3}{4}$	67	55 $\frac{3}{4}$	54 $\frac{1}{2}$
Oct. 30, 1947.....	34	41	36 $\frac{1}{2}$	51	41 $\frac{1}{4}$	56	50 $\frac{1}{2}$	63	56	.....
Nov. 13, 1947.....	34 $\frac{1}{2}$	41	37 $\frac{3}{4}$	51	42	55	52 $\frac{1}{2}$	64	56 $\frac{1}{4}$	.....
Dec. 9, 1947.....	37	45	41	50	48	59	57	70	61	60
Dec. 31, 1947.....	37	45	41	59	48	59	57 $\frac{1}{2}$	70	61	60
Jan. 12, 1948.....	42	52	44 $\frac{1}{2}$	53	49 $\frac{1}{2}$	58	64	79	.....	.....
Jan. 26, 1948.....	42	51	44 $\frac{1}{2}$	50	49	57	64	78	66	.....
Feb. 10, 1948.....	42	52	45	53	49	63	63	83	64	66
Feb. 24, 1948.....	42	51	44	53	48 $\frac{1}{2}$	63	64	81	62	64
Mar. 2, 1948.....	41 $\frac{3}{4}$	50	44	52	48	57	64 $\frac{1}{2}$	79	58	.....
Mar. 9, 1948.....	42	49	44	51	48 $\frac{1}{2}$	54	64	78	62	64
Mar. 16, 1948.....	42	49	44	51	48 $\frac{1}{2}$	58	64	77	62	64

VANCOUVER

<i>Former Ceiling</i>	34 $\frac{1}{2}$	48	38	57	42 $\frac{1}{4}$	62	49 $\frac{1}{2}$	69	57 $\frac{1}{4}$	56
Oct. 30, 1947.....	36 $\frac{1}{2}$	50	39 $\frac{1}{2}$	55	45 $\frac{1}{2}$	64	54 $\frac{1}{2}$	75 $\frac{1}{2}$	58	.....
Nov. 13, 1947.....	37	51	39 $\frac{1}{2}$	55 $\frac{1}{2}$	56 $\frac{1}{2}$	65	54 $\frac{1}{2}$	77	58	.....
Nov. 9, 1947.....	37	54 $\frac{1}{2}$	41	54	44	63 $\frac{1}{2}$	54 $\frac{1}{2}$	75 $\frac{1}{2}$	58	.....
Dec. 31, 1947.....	37	57 $\frac{1}{2}$	38 $\frac{1}{2}$	52	44	60	56 $\frac{1}{2}$	78	58	.....
Jan. 12, 1948.....	46	.....	46	58	50	66 $\frac{1}{2}$	69	87	66	66 $\frac{1}{2}$
Jan. 26, 1948.....	43	58	45 $\frac{1}{2}$	56	49	60	69	76	69	66 $\frac{1}{2}$
Feb. 24, 1948.....	43	57	44	55	45	58	64	85	.....	65 $\frac{1}{2}$
Mar. 2, 1948.....	43 $\frac{1}{4}$	57	42	55	44 $\frac{1}{2}$	58	64	85	65	65
Mar. 9, 1948.....	43	51	42	53	43	57	63	80	.....	.....
Mar. 16, 1948.....	43	51	42	52	43	56	63	81	60	.....

Source: W.P.T.B. Regional Offices.

MONTHLY AVERAGE PRICE PER CWT. OF B-1 DRESSED HOGS AT TORONTO

1941 to date

(dollars per cwt.)

	1947	1946	1945	1944	1943	1942	1941
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
January.....	21 71	18 80	17 63	17 11	16 86	15 31	11 08
February.....	21 38	18 67	17 46	17 11	16 91	15 16	11 26
March.....	21 38	17 73	17 80	17 18	17 16	15 29	11 33
April.....	21 63	19 35	17 47	17 18	16 73	15 19	11 27
May.....	21 60	19 86	17 62	17 20	16 78	15 26	12 14
June.....	21 65	20 82	18 50	17 21	16 78	15 49	13 46
July.....	22 01	20 90	19 21	17 33	16 84	15 85	14 62
August.....	22 53	21 15	18 70	17 43	16 85	16 11	14 62
September.....	22 81	20 42	17 93	17 42	16 79	15 60	14 65
October.....	22 09	19 87	17 32	17 27	16 75	16 38	14 78
November.....	22 60	20 17	17 37	17 24	16 92	16 44	14 78
December.....	22 78	20 80	17 80	17 63	17 10	16 63	14 89
YEARLY AVERAGE....	22 04	19 85	17 90	17 25	16 87	15 69	13 26
January, 1948.....	28 10						
February, 1948.....	28 32						

SOURCE: Markets Information Section, Department of Agriculture.

NOTE: Appendix "F" (Exhibit 95) four charts, on next four pages.

APPENDIX "G"

EXHIBIT No. 96

SUMMARY OF AVERAGE PRICES

(NOTE: The figures in this chart have been taken by the Secretariat from the Livestock Market Review, published by the Marketing Service of the Department of Agriculture.)

A. BEEF

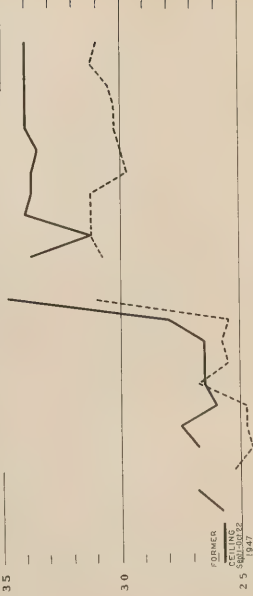
The prices quoted are average prices per 100 lbs. live weight for the period for good steers up to 1,050 lbs.

Week Ending	Toronto	Montreal	Winnipeg	Calgary	Edmonton
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
1947					
Aug. 2.....	14 24	14 10	13 72	13 50	13 45
9.....	14 24	14 15	13 58	13 45	13 25
16.....	13 99	14 15	13 29	13 45	12 75
23.....	13 84	13 80	13 25	13 50	13 00
30.....	14 01	13 85	13 25	13 53	12 80
Sept. 7.....	14 29	14 25	13 09	13 73	12 90
13.....	14 15	14 55	12 90	13 60	12 80
20.....	13 76		13 00		12 80
27.....	13 87		13 53	13 60	12 80
Oct. 4.....	13 64	13 85	13 00	12 95	12 85
11.....	13 85	14 05	13 00	13 60	12 80
18.....	13 77		12 75	13 65	12 75
25.....	13 59	13 80	12 75	13 75	12 80
Nov. 1.....	13 56	14 45	12 92	13 80	12 85
8.....	13 90	14 45	13 50	13 40	12 10
15.....	13 49	14 35	12 83	13 35	12 05
22.....	13 22	14 35	12 42	13 20	12 10
29.....	13 27	14 05	13 00	13 25	12 30
Dec. 6.....	13 61	14 35	13 50	13 72	13 20
13.....	14 26	14 55	13 48	14 20	13 55
20.....	14 25	14 50	14 06	14 86	13 85
27.....	14 74		14 25	15 05	13 80
3 days Dec. 31.....	14 54	14 55	14 65	15 15	14 30
1948					
Jan. 10.....	15 11	15 20	15 25	15 65	14 90
17.....	15 27	15 40	14 75	15 28	14 60
24.....	15 22	15 30	14 61	15 10	14 55
31.....	15 25	15 55	14 53	15 15	14 70
Feb. 7.....	15 46	15 65	14 55	15 15	14 80
14.....	15 20	15 70	14 15	14 72	14 35
21.....	15 18	15 65	14 41	14 60	14 30
28.....	15 15	15 60	15 00	14 78	14 30
Mar. 6.....	15 30	15 60	15 00	15 25	14 20
13.....	15 50	15 70	15 00	15 20	14 45

WHOLESALE PORK PRICES

HEAD OFF, LEAF LARD AND KIDNEY OUT-CARCASSES
 TORONTO —
 MONTREAL ----

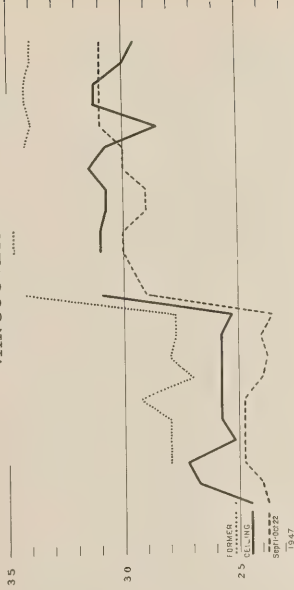
CENTS
 PER
 LB 35



20
 0

WINNIPEG —
 EDMONTON ----
 VANCOUVER

35



20
 0

27 30 6 13 20 27 11 23 31 8 20 26 2 10 12 16 24 2 9 16 23 30
 OCT. NOV. DEC. JAN. FEB. 1948
 1947

Prepared for the Information of the House of Commons Special Committee
 on Prices by the Secretariat, under the direction of Henry King.

Source: W.P.T.B. Regional Office.

RETAIL PORK PRICES

BACON, FANCY SIDE BASED ON HALF POUND PACKAGES

TORONTO —
MONTREAL - - - -

ENTS
ER
B 90



60
0

WINNIPEG —
EDMONTON - - - -
VANCOUVER



70
0

60
0



1947

1948

Prepared for the information of the House of Commons Special Committee on Prices by the Secretariat, under the direction of Henry King

Source: W.P.T.B. Regional Office

WHOLESALE BEEF PRICES

RED BRAND - CARCASSES

TORONTO —
MONTREAL ----

CENTS
PER
LB

30



25
FORMER
CEILING
Sept-Oct 22
1947

20
0

WINNIPEG —
EDMONTON ----
VANCOUVER

30



25
FORMER
CEILING
Sept-Oct 22
1947

20
0

21 30 6 13 20 27 11 23 31 8 20 26 2 10 12 16 24 2 9 16 23 30
OCT NOV DEC JAN FEB MAR
1947 1948

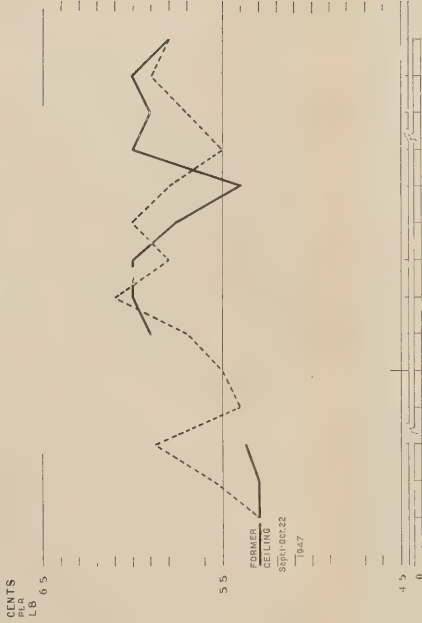
Prepared for the Information of the House of Commons Special Committee
on Prices by the Secretariat, under the direction of Henry King.

Source: W.P.T.B. Regional Office.

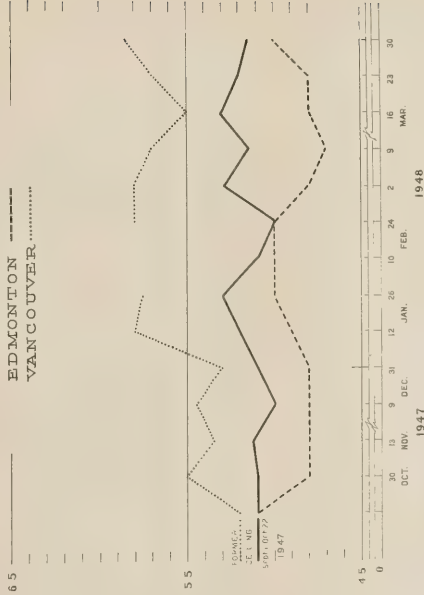
RETAIL BEEF PRICES

RED BRAND - SIRLOIN STEAK OR ROAST

TORONTO —
MONTREAL - - - -



WINNIPEG —
EDMONTON - - - -
VANCOUVER



SUMMARY OF AVERAGE PRICES

(NOTE: The figures in this chart have been taken by the Secretariat from the Livestock Market Review, published by the Marketing Service of the Department of Agriculture.)

B. PORK

The prices quoted are average prices per 100 lbs. warm weight, Grade B-1 dressed, and do not include Dominion Government premiums of \$2.00 per head on Grade A and \$1.00 per head on Grade B-1.

WEEK ENDING	TORONTO	MONTREAL	WINNIPEG	CALGARY	EDMONTON
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
1947					
Aug. 2.....	22 35	22 60	20 15	20 45	20 00
9.....	22 35	22 85	20 15	20 45	20 00
16.....	22 60	22 80	20 15	20 75	20 35
23.....	22 60	22 60	20 15	21 25	20 35
30.....	22 60	22 85	20 15	21 50	20 35
Sept. 6.....	22 85	23 33	21 70	21 75	21 40
13.....	23 10	23 38	21 70	21 75	21 10
20.....	22 60	22 90	21 70	21 27	21 10
27.....	22 60	22 60	22 05	21 27	21 10
Oct. 4.....	22 43	22 60	21 97	21 10	21 10
11.....	20 85	21 10	21 85		21 10
18.....	21 35	21 35		21 10	21 35
25.....	21 35	21 35		21 10	21 35
Nov. 1.....	22 60	22 50	21 55	21 10	21 10
8.....	22 60	22 60	21 55	21 10	21 10
15.....	22 60	22 50	21 55	21 10	21 10
22.....	22 60	22 50	21 55	21 10	21 10
29.....	22 60	22 60	21 55	21 10	21 10
Dec. 6.....	22 60	22 60	21 55	21 15	21 10
13.....	22 60	22 65	21 55	21 20	21 10
20.....	22 72	23 25	21 55	21 67	21 10
27.....	22 85	23 35		21 40	21 10
3 days Dec. 31.....	23 60	24 30	21 55	21 72	21 10
1948					
Jan. 17.....	28 10	28 40	27 10	26 75	26 60
24.....	28 10	28 10	27 10	26 75	26 60
31.....	28 10	28 10	27 10	26 75	26 60
Feb. 7.....	28 22	28 10	27 10	26 75	26 60
14.....	28 35	28 20	27 10	26 85	26 60
21.....	28 35	28 40	27 10	26 90	26 60
28.....	28 35	28 58	27 10	26 90	26 60
Mar. 6.....	28 47	28 60	27 10	26 80	26 60
13.....	28 72	28 60	27 10	27 02	26 60

APPENDIX "H"

EXHIBIT No. 97

CANADA

INSPECTED SLAUGHTERINGS OF LIVESTOCK

(Extracted from Livestock Market Review—Department of Agriculture)

Week ending		CATTLE		Hogs	
		1947	1946	1947	1946
August 2	2	28,114	30,639	60,321	50,159
August 9	9	25,408	32,119	58,816	46,349
August 16	16	30,068	38,157	59,913	49,476
August 23	23	30,181	40,695	56,205	49,764
August 30	30	26,413	42,224	47,000	50,269
September 6	6	21,340	35,557	64,003	51,288
September 13	13	21,738	38,468	56,606	50,702
September 20	20	9,383	37,228	31,327	48,680
September 27	27	12,217	37,952	37,094	55,435
October 4	4	12,843	40,918	38,266	58,636
October 11	11	10,905	42,817	40,207	80,058
October 18	18	7,804	41,402	38,130	87,460
October 25	25	25,206	51,593	93,897	89,468
November 1	1	42,531	52,089	147,047	99,722
November 8	8	47,832	52,784	149,475	104,550
November 15	15	47,573	49,870	153,145	103,433
November 22	22	50,413	52,066	159,874	99,661
November 29	29	49,430	49,045	159,305	107,471
December 6	6	46,575	44,308	154,386	105,249
December 13	13	41,716	36,949	147,241	100,192
December 20	20	38,705	29,064	138,167	100,636
1948		1948	1947	1948	1947
January 3	3	21,132	16,625	69,321	58,350
January 10	10	30,583	42,617	163,019	165,559
January 17	17	36,030	26,961	143,033	82,651
January 24	24	31,435	23,380	121,497	80,897
January 31	31	26,823	24,555	126,669	74,853
February 7	7	26,966	18,805	123,019	57,453
February 14	14	27,559	20,347	108,520	74,021
February 21	21	24,255	26,204	100,348	93,014
February 28	28	22,920	21,535	114,493	62,663
March 6	6	24,382	17,212	101,968	59,380
March 13	13	24,621	19,442	108,107	103,882

APPENDIX "I"

EXHIBIT No. 98

MILLFEED PRICES

(Wholesale Carlot Prices per Ton; Freight and other government assistance not deducted.)

		Bran	Shorts	Middlings	Barley Meal	Chopped Oats
		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
1947						
August 2		30 25	31 25	34 25	52 75	52 75
August 9		30 25	31 25	34 25	52 75	52 75
August 16		30 25	31 25	34 25	52 75	52 75
August 23		30 25	31 25	34 25	52 75	52 75
August 30		30 25	31 25	34 25	54 25	54 25
September 6		30 25	31 25	34 25	53 25	55 75
September 13		30 25	31 25	34 25	54 25	54 25
September 20		30 25	31 25	34 25	54 25	54 25
September 27		30 25	31 25	34 25	54 25	54 25
October 4		30 25	31 25	34 25	54 25	54 25
October 11		30 25	41 75	44 75	54 25	54 25
October 18		40 75	41 50	44 50	71 00	73 50
October 25		40 50	41 50	44 50	67 00	70 50
November 1		40 50	41 50	44 50	68 00	69 00
November 8		40 50	41 50	44 50	66 75	67 50
November 15		50 25	53 25	58 25	67 80	67 60
November 25		46 25	47 50	51 50	66 80	67 60
December 2		46 25	47 50	51 50	66 80	67 50
December 9		46 25	47 50	51 50	67 00	67 60
December 16		49 75	51 75	55 75	67 50	66 60
December 23		49 75	51 75	55 75	67 00	66 60
December 30						
1948						
January 6		50 50	52 50	56 50	67 00	66 50
January 12		51 25	52 25	55 75	68 00	66 60
January 20		50 75	51 75	55 75	67 00	66 00
January 27		51 50	53 50	56 50	68 00	66 60
February 3		50 75	52 75	55 75	68 00	67 00
February 10		51 50	53 50	56 50	66 00	65 50
February 17		51 75	52 75	56 75	65 00	64 60
February 24		51 75	52 75	56 75	61 25	64 60
March 4		52 75	53 75	57 75	65 00	64 60
March 8		52 75	55 75	58 50	63 35	63 60
March 17		52 75	53 75	57 75	62 20	60 60

APPENDIX "J"

EXHIBIT No. 99

SPECIAL COMMITTEE ON PRICE
MEAT

STATISTICAL MATERIAL

Supplied by

MARKETING SERVICE

DEPARTMENT OF AGRICULTURE

UNITED KINGDOM BEEF AGREEMENT PRICES

NOTE: (a) Prices quoted are in Canadian funds per 100 lb. of frozen weight f.o.b. Canadian Seaboard.
 (b) The prices quoted in the column headed 1947 were effective August, 1946 to December 31, 1947.
 (c) The 1948 prices became effective January 5, 1948.

Grade	1947	1948
	\$ cts.	\$ cts.
<i>Steer and Heifer Carcasses—</i>		
Choice Quality (Red Brand).....	24 25	27 50
Good Quality (Blue Brand).....	23 25	26 50
Medium Quality.....	21 10	23 10
<i>Cow Carcasses—</i>		
Good to Choice Quality.....	19 20	21 20
<i>Manufacturing Beef—</i>		
Hinds.....	22 50	24 00
Fronts.....	21 00	22 50

GRADING OF EXPORT BEEF

Grade	1947		1948 (Jan. and Feb.)	
	Carcass basis	Per cent	Carcass basis	Per cent
	lbs.		lbs.	
A.....	706,761	1.8	1,376,570	9.8
B.....	2,157,356	5.5	1,282,580	9.1
C.....	12,112,653	30.7	2,934,407	20.8
D.....	17,575,313	44.6	7,407,277	52.4
E.....	2,527,772	6.4	689,066	4.9
P.....	3,392,577	8.6	385,276	2.7
M.....	941,693	2.4	38,409	0.3
Total.....	39,414,125	100.0	14,113,585	100.0

BACON AGREEMENT PRICES AND SHIPMENTS

NOTE: (a) Payable in Canadian funds f.o.b. vessel Canadian Seaboard.
 (b) The price of \$27.00 appearing under 1947 was increased to \$29.00 for bacon produced from hogs slaughtered after August 31, 1947.
 (c) The 1948 price became effective January 5, 1948.

	1946	1947	1948
	\$	\$	\$
Price per cwt. A grade sizeable Wiltshire side.....	25	27	36

	Lbs.	Lbs.
Shipments—Wiltshire sides.....	235,212,291	206,195,466
Cuts.....	37,674,719	19,684,985
Total.....	272,887,010	225,880,451

INSPECTED CATTLE SLAUGHTER AND DISTRIBUTION OF BEEF

	Units	First quarter 1947	Second quarter 1947	Third quarter 1947	Fourth quarter 1947	Total, 1947	January and February 1948
Inspected slaughter.....	number of heads	278,722	264,111	296,458	452,454	1,291,745	226,571
Average cold dressed weight.....	lbs.	473.6	494.2	479.5	452.9	471.9	489.3
Total cold dressed weight.....	lbs.	132,004,529	130,520,526	142,152,257	204,936,999	609,614,311	110,855,935
Net storage movement(—into storage).....	lbs.	12,365,871	6,197,263	695,574	—31,134,412	—11,875,704	5,544,606
Total supply.....	lbs.	144,370,400	136,717,789	142,847,831	173,802,587	597,738,607	116,400,541
Exports to United Kingdom.....	lbs.	962,431	103,112	4,681,748	34,038,834	39,786,125	14,113,587
Canned.....	lbs.	11,251,281	3,125,674	4,382,224	8,448,081	27,213,260	1,000,000
Other.....	lbs.	3,690,300	2,785,600	1,827,500	1,941,800	10,245,200	1,500,000
Balance available for domestic use—Total.....	lbs.	128,460,388	130,703,403	131,956,359	129,373,872	520,494,022	99,786,954
Average per week.....	lbs.	9,881,568	10,054,107	10,150,489	9,951,836	10,009,500	11,739,641

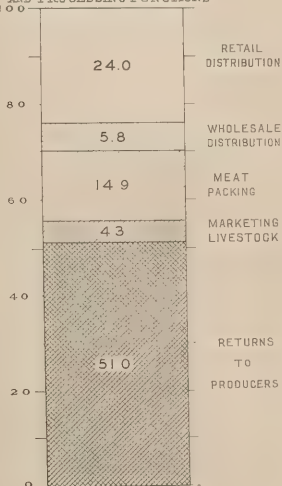
INSPECTED HOG SLAUGHTER AND DISTRIBUTION OF PORK AND PORK PRODUCTS

	Unit	First Quarter 1947	Second quarter 1947	Third quarter 1947	Fourth quarter 1947	January and February, 1948)
Inspected slaughter.....	number of head	1,015,746	1,154,547	740,921	1,547,732	1,000,598
Average cold dressed weight.....	lbs.	157.3	161.8	168.8	158.3	155.2
Total cold dressed weight.....	lbs.	159,741,373	186,804,320	125,069,805	244,909,330	155,292,800
Exports to United Kingdom (actual weight shipped).....	lbs.	(54,985,132)	(61,240,754)	(54,737,147)	(67,469,102)	(56,455,794)
Cold dressed weight equivalent of exports to United Kingdom (80% yield)	lbs.	68,731,415	76,550,942	68,496,430	84,336,377	70,569,740
Cold dressed weight less exports to United Kingdom (line 3 minus line 5)	lbs.	(91,009,958)	(110,253,386)	(56,573,375)	(160,632,953)	(84,723,060)
Cold dressed weight converted to domestic cuts.....	lbs.	63,706,970	77,177,366	39,601,362	112,443,065	59,306,142
Cold dressed weight converted to domestic cuts.....	lbs.	-1,596,981	-10,737,565	+19,400,914	-15,933,243	-20,737,433
Net storage movement(-into storage).....	lbs.	3,734,800	1,928,200	1,829,000	2,347,000	2,000,000
Exports other than to United Kingdom.....	lbs.	58,375,189	64,511,601	57,172,676	94,102,822	36,568,709
Balance available for domestic use (line 7 plus line 8 minus line 9).....	Total lbs.	4,490,400	4,962,430	4,397,898	7,243,294	4,302,200
Average per week.....	lbs.					

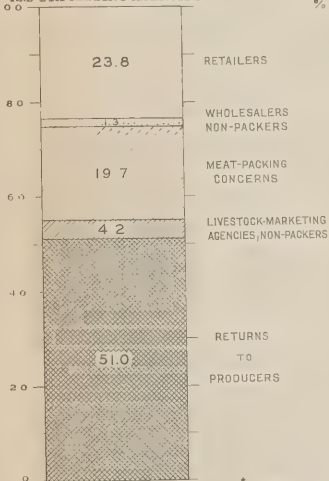
NOTE: Appendix "K" Exhibit 100 (chart) on next page.

DISTRIBUTION OF CONSUMER'S DOLLAR FOR MEAT AND MEAT PRODUCTS, U.S.A., 1939

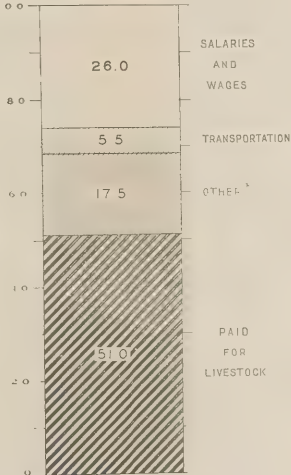
BASED ON MARKETING
AND PROCESSING FUNCTIONS



BASED ON MARKETING
AND PROCESSING AGENCIES



BY
COST ITEMS



* Includes supplies, containers, taxes, depreciation, interest, etc., and profit

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